



Russian crisis

**Yeltsin
breaks out**
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Thief of childhood

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**Lebanon's billionaire
prime minister**
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Don't die of exposure

**Keep a tight rein on the
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FINANCIAL TIMES

Europe's Business Newspaper

MONDAY MARCH 22 1993

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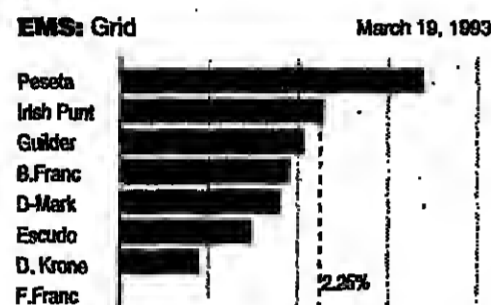
Italian corruption inquiry claims fourth minister

Italian agriculture minister Gianni Fontana became the fourth minister to resign in little more than a month after being officially warned that he could face prosecution in the country's wide corruption scandal. His house and his Lake Garda holiday home have been searched. Meanwhile, a Naples Christian Democrat says he collected billions of lire in bribes for local party leaders. Page 12

Semiconductor dispute: Sharp differences remain between the US and Japan over the semiconductor trade in spite of an announcement that the long-sought US target of a 20 per cent foreign share of the \$20bn Japanese semiconductor market has finally been achieved. Page 12

Japan's financial boost: The emergency economic package Japan is drawing up to stimulate the flagging economy could be worth ¥14,000bn (\$115bn), according to Mr Hiroshi Mitsuoka, the senior politician in charge of co-ordinating the plan. Details will be decided in the next three weeks. Page 4

European monetary system: The next two weeks will prove critical both for the French currency and for the future of the European exchange rate mechanism as a whole. The French currency starts the week in an extremely weak position in the ERM grid, roughly two centimes above its floor against the D-Mark. Currencies. Page 23



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. The Spanish peseta and Portuguese escudo operate with 6 per cent fluctuation bands.

Brazilian state sales resume: Brazil's privatisation programme has resumed after a four-month suspension. The government stake in petrochemicals company Poliolefina was sold on Friday at the minimum price of \$96.1m to Odebrecht, one of Brazil's leading construction groups. Page 1

Pirelli battle nears end: Pirelli, the Italian tyre company, is close to ceasing hostilities against Continental after a two-and-a-half year campaign to gain control of its German rival. Page 13

KIO may merge with parent: The Kuwaiti government met to discuss proposals to merge the London-based Kuwait Investment Office (KIO) with its parent institution in Kuwait, the Kuwait Investment Authority (KIA). Page 13

Serbs to be evacuated: General Philippe Morillon, commander of UN forces in Bosnia, has reportedly reached agreement to evacuate Serbs from the northern Bosnian Moslem stronghold of Trnava. UN sources in Sarajevo said it was hoped to use helicopters to evacuate refugees from the besieged Moslem town of Srebrenica. Nato jets ready. Page 3

German racism fears unfounded: Fears of a new wave of racism and right-wing radicalism in Germany are largely unfounded. Seventy-seven per cent of the population want nothing to do with right-wing extremists, the respected Allensbach Institute, the country's leading polling organisation, found. Page 5

The happy Swiss: Swiss employees are the most satisfied in Europe, followed closely by the Dutch, while UK employees are the least satisfied, according to the latest survey of employee attitudes in eight European countries by International Survey Research. Page 5

VAT casts shadows: The extent of the UK government's commitment to help people deal with the extension of Value Added Tax to domestic fuel is overshadowing other aspects of last week's Budget. Page 12

IRA bomb claims: The Irish Republican Army said it planted bombs on Saturday that killed a four-year-old boy and injured 50 other people in the north-western English town of Warrington. Page 6

Women leave sect compounds: Four women left the barricaded compound of the Branch Davidians religious cult near Waco, Texas, raising hopes for an end to the three-week siege.

Steel jobs warnings: The costs of social compensation for the tens of thousands of European steelworkers likely to lose their jobs when the industry is restructured over the next few years could be much higher than expected. Page 3

Israeli soldiers die: Two Israeli soldiers died in ambushes and troops shot dead four Palestinians in the Israeli-occupied West Bank and Gaza Strip over the weekend.

AC Milan run ends: Italian soccer champions AC Milan lost 1-0 at home to Parma, ending a record, 58-match unbeaten run in the league.

Austria	136.30	Greece	166.60	Latvia	136.30	Qatar	136.30	OR12.00
Belgium	136.30	Hungary	136.30	Malta	136.30	Saudi Arabia	136.30	SR11
Denmark	136.30	Ireland	136.30	Morocco	136.30	Singapore	136.30	S\$1.10
France	136.30	Italy	136.30	Netherlands	136.30	South Korea	136.30	K\$1.00
Germany	136.30	Japan	136.30	Poland	136.30	Spain	136.30	P\$20.00
Greece	136.30	Portugal	136.30	Romania	136.30	Sweden	136.30	S\$1.10
Ireland	136.30	Slovakia	136.30	Slovenia	136.30	Switzerland	136.30	S\$1.10
Italy	136.30	Turkey	136.30	Ukraine	136.30	USA	136.30	\$1.00
Japan	136.30	UK	136.30	Yugoslavia	136.30			

Russian parliament says move to rule by decree an 'assault on constitution'

Yeltsin faces impeachment

By Leyla Boulton in Moscow

RUSSIAN deputies yesterday set in motion moves to impeach President Boris Yeltsin after he declared he would bypass them in asking the people whether he or parliament should rule Russia.

Mr Yeltsin, finally opting for a desperate gamble to stick to his unpopular course of radical reforms and hold on to strong powers to carry them through, has called a popular vote for April 26 although the Congress of People's Deputies has forbidden a formal referendum.

This effectively puts Mr Yeltsin in breach of a Soviet-era constitution which makes the Congress of People's Deputies, or full parliament, the supreme organ of state power.

In an annex to a parliamentary resolution condemning his actions as "an assault on the constitutional foundations of Russian statehood", parliament asked the Constitutional Court to rule whether his actions merited impeachment.

The parliamentary resolution, adopted by 125 votes in favour, 16 against and four abstaining, also called for the prosecution, on charges of violating the constitution, of presidential officials involved in drafting his appeal to the people, broadcast on television on Saturday night.

The president said that until the popular vote he would rule by decree. The vote would also seek support for a new constitution which would abolish the present dual parliamentary structure and lead to elections for a new chamber.

The outcome of those deliberations, which are expected this week, appeared in little doubt after Mr Valery Zorkin, the court's chairman, produced an instant verdict of the president's move as an "attempted coup".

The court, like the parliament, is conservative-dominated. But Mr Zorkin, who first discredited his supposed impartiality by coming out against a referendum which he helped president and



Fistfuls of protest: anti-Yeltsin demonstrators marching to the Russian parliament building in Moscow denounce imposition of rule by decree

parliament to agree to in December, came under attack from one fellow judge for prejudging court hearings.

Mr Zorkin's declarations were part of a split in the country's leadership at the weekend, with leading figures taking sides now in anticipation of a final showdown between the parliamentary and presidential camps.

Vice-president Alexander Rutskoi, who says he favours strong presidency but is against radical economic reform policies, swung firmly in favour of parliament in this instance. He has now positioned himself as the man to pick up the pieces if things go badly wrong for Mr Yeltsin.

Mr Yuri Skokov, the conservative secretary of the National Security Council, also refused to endorse the presidential gamble.

But the entire cabinet of Mr Viktor Chernomyrdin, parliament's choice for premier, came out in favour of the president's move. They issued a statement supporting "the striving by the popularly elected president not to allow powerlessness, chaos, political confrontation, separatism, nationalism, and crime".

Ministers also vowed the government would guarantee "constitutional legality", personal freedoms, and stable functioning of the economy, transport, and communications.

This means they will attempt to focus on specific reform measures set out in the government's economic programme - including the institution of a restrictive monetary and credit policy.

The gamble being taken by the

press harder, especially on Japan, for more responsibility in helping [Russia], he said on German television.

France, meanwhile, stepped up its campaign for an emergency G7 meeting to discuss aid for Russia. "International aid seems more than ever necessary and urgent to help the transition to a market economy and consolidate democratic reforms in Russia," a foreign ministry statement said.

The Japanese government, which is due to host the next regular G7 summit in Tokyo in July, pledged it would make further efforts to reach agreement with its G7 partners on measures to promote reform in Russia.

Mr Hisashi Owada, a senior foreign ministry official, is attempting to clear the way for a mid-April meeting in Tokyo of G7 foreign and finance ministers and is expected to hold talks in London, Paris and Bonn in the next few

Continued on Page 12

US backs referendum call

By Our Foreign Staff

WESTERN governments have rallied in strong political support of President Boris Yeltsin's decision to call a popular vote on who rules Russia, though differences persist on what practical help can be given to him.

The US took the lead in backing Mr Yeltsin's move as an "appropriate" way of breaking the deadlock between Russia's president and parliament. "President Yeltsin has proposed to break that political impasse by talking it to the people. That is appropriate in democracies," said a White House statement issued after Mr Yeltsin's announcement. "As Russia's only democratically elected national leader, he has our support, as do his reform government and all reforms throughout the Russian Federation."

It added that Russia must remain a democratic country moving towards a market economy. "That is the basis for a continued US-Russian partnership and for a better and more prosperous future for the Russian people."

The US statement was echoed by the European Community, and by members of the Group of Seven leading industrial nations, some of whom were given advance notice of Mr Yeltsin's move. Denmark, which holds the EC presidency, said Mr Yeltsin's measures were an important signal that he intended to continue with reform.

In Bonn, Mr Dieter Vogel, the government spokesman, said the "German government has understanding for Mr Yeltsin's action towards solving the constitutional struggle through a referendum." But Mr Klaus Kinkel, foreign minister, said economic assistance would have to be increased so that Mr Yeltsin could push through his economic reforms. "We and the Americans will have to see to it that we

press harder, especially on Japan, for more responsibility in helping [Russia], he said on German television.

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Continued on Page 12

German industry cuts staff costs as recession strikes

By Christopher Parkes in Frankfurt

BOSCH, the German electrical, electronics and motor components maker, is to cut pay increases agreed with its domestic workforce in an attempt to reduce costs.

Udde, a chemical plant manufacturer, is to cut pay increases agreed with its domestic workforce in an attempt to reduce costs.

The moves reflect the crushing impact of recession on German industry, which is now running out of "easy" options in its search for payroll economies. Hundreds of companies have introduced early retirement schemes and stopped hiring replacements for leavers.

However, the cost-saving potential of natural wastage is virtually exhausted in many sectors. Compulsory redundancy is almost unknown in Germany, and employers are searching for other means to economise.

Announcing a "first step" at the weekend, Bosch said it would pay a 3 per cent pay increase, agreed with the IG Metall union last year, and due to take effect on April 1.

However, the rise would apply only to national basic pay levels. Other payments would be excluded from the calculation, the group said. Non-union employees, who were awarded a rise last autumn, would be asked to show "solidarity" and take a 3 per cent pay cut from the same date. Management had already agreed to "considerable" salary reductions.

According to early estimates, the measures would save around DM250m (\$150m) in a full year, the company added. Bosch, which allpied into operating losses in the second half of 1992, said at the weekend that improvement was unlikely this year.

"Negative economic developments and increasing competitive

pressure have led to a considerable drop in profits and damaged international competitiveness," a statement noted.

The group has shed 12,000 workers worldwide in the last 14 months and some 24,000 employees are now on short-time rotas.

The weekend action followed unsuccessful negotiations with workers' representatives in which management sought voluntary cuts on a range of extras and bonuses including 25-year service awards, lunch subsidies, nursing care and spa cures.

At Ude, a subsidiary of chemicals giant Hoechst, management announced a switch of manufacturing strategy in which only 40 per cent of its 3,000-strong workforce would in future be employed in Germany, compared with 60 per cent at present.

Mr Lothar Jaeschke, chief executive, said the costs of employing an engineer in India, for example, were between 50 per cent and 80 per cent lower than in Germany.

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NEWS: RUSSIA IN TURMOIL

Yeltsin maps out the tough road to reform

By John Lloyd

MR BORIS YELTSIN has always asserted that control over the economy and faster progress of reforms were the indispensable elements for resolution of the country's crisis. In his address to the nation on Saturday night he mapped out how this might be done.

What he outlined was a programme for authoritarian reform of the kind many of his advisers have long advocated. It blends a populism with a stricter application of controls and discipline, and seeks to bring the main economic actors under central control to ensure that

they fulfil their reforming duties.

To begin with, Mr Yeltsin will soon issue a decree giving citizens the right to own land: special vouchers are likely to be issued which would give citizens the right to purchase land. For those wishing to become small business owners, preferential credits and tax breaks will be offered.

Bankruptcies, he said, would go ahead. Indeed, a programme of "show" bankruptcies has been prepared for some time. He promised enhanced unemployment compensation for the victims of these bankruptcies - and it is to this where some of the new foreign assistance

now being considered by the Group of Seven industrial countries may be directed.

Mr Yeltsin said the struggle against inflation and the limiting of the money supply will be toughened - though he gave no details. The core issue is the lack of control on the part of the government of the central bank: though Mr Victor Geraschenko, the central bank chairman, is now part of the government (together with the heads of the state pension fund, the Federal Property Agency and the statistical service) and there is still no agreement on strategy. This will be a critical test of the new regime.

Citizens who now see their savings disappear under the impact of 30 per cent monthly inflation will get compensation - not in cash, but in shares in enterprises and in land.

A new effort is to be made to cut out abuses, especially in the privatisation of companies - where those with the largest clout have forced special deals at the expense of the voucher-holding population.

The local heads of administration in autonomous republics and in regions are to be made "directly accountable to the president and the Russian government" because of "numerous instances of leaders in

executive power hindering the implementation of political and economic reform".

This should mean that these people have nowhere to hide before the central government's all-seeing eye, but it will depend heavily on whether the central government has the competence to bring them to book.

The programme would break a number of blocks on route to the market which have been erected by parliament, by the laws passed over the past year and a half and by the constitution itself.

Like much else in the president's statement, it breaks through the

encircling bonds and proposes a relatively unimpeded road to reform.

But it is two-headed: it also puts enormous responsibility on the president and the government for actions and programmes which they must now effect, which they can no longer blame parliament for blocking.

Even if they really have shunted parliament aside, they must work with the same cumbersome bureaucracy, mutinous local leaders, distrustful population, ailing infrastructure and reluctance on the part of foreigners to invest.

They have not lightened their load: they have increased it.

Battle lines begin to form

By Dmitri Volkov in Moscow

OUTSIDE Moscow's White House, again the epicentre of drama, two rival demonstrations, each 3,000-strong, were held apart by police. The Communist one, though, tried to beat up an ABC cameraman.

Inside, too, there was no sign of the unanimity of six months ago, when many of those present were rallying round Boris Yeltsin as hero of the August 1991 putsch. Now, milling about the debating chamber, were Vice President Alexander Rutskoi, Mr Valery Zorkin, constitutional court chief, Gen Pavel Grachev, defence minister, Mr Anatoly Chubais, deputy prime minister, and, of course, Mr Russian Khasbulatov, the speaker.

They were comrades in arms no longer.

Gen Grachev, with Mr Victor Baranikov, security services head, stuck doubly to their line: they would observe the constitution and keep the peace.

Mr Victor Chernomyrdin, prime minister and once thought by centrists and conservatives to be a potential fifth column in the presidential cabinet, also stuck doggedly to his brief - to support Mr Yeltsin and proclaim the government would carry on working.

Gen Rutskoi, finally - it seemed - severing his tenuous connection with the man on whose ticket he ran for vice president nearly two years ago, claimed the president had put himself beyond the constitution.

Significantly, he said he and Mr Yuri Skokov, Security Council secretary, had refused to sign the presidential decree declaring "special rule". This means the Security Council loses its organiser and the president a useful counsellor.

Gen Rutskoi and Mr Skokov have wide contacts in the administration and armed forces and may now use them.

The Supreme Soviet is often placid, usually relatively well ordered. Yesterday's hastily called session did not make much effort to be orderly: indeed, it probably lacked a quorum but worked on anyway.

Mr Zorkin, ever the peace-maker, said the proceedings should be restrained, especially as it appeared the president's decree on special powers had not been registered and so was not in force.

Even in the shadow of what the majority said was threatened totalitarianism, the Russian bureaucracy ground on at its own pace: or had Mr Yeltsin drawn back? Whichever it was, said Mr Zorkin, "we cannot pretend nothing has happened".

Clinton resolute but sees perils

By George Graham in Washington

PRESIDENT BILL Clinton has committed himself resolutely, but not irrevocably, to the cause of Mr Boris Yeltsin.

With a flurry of supportive statements and a concerted effort to put new wheels on the western aid train, Mr Clinton has made clear he views Mr Yeltsin not just as the current office-holder, with whom the US must deal wily-nilly, but as the best hope for democracy and market-based reform in Russia.

But Mr Clinton is also aware of the perils of hitching his policies too firmly to Mr Yeltsin's wagon - all the more so as he accused former President George Bush last year of the same misguided adherence to Mr Mikhail Gorbachev, the last leader of the Soviet Union.

Several Russian experts and some newspaper editorialists have accused Mr Clinton of making the same mistake. Criticism became especially pointed when an unnamed senior administration official indicated the US would look the other way if Mr Yeltsin were to adopt unconstitutional means in his battle with the Russian Congress.

Former Secretary of State Henry Kissinger, who has consistently warned against pinning US policy too firmly to any one leader, sees a strong possibility of Russia relapsing to Pinochet-style authoritarian rule under one of a number of contenders, including Mr Yeltsin.

But politicians from both US parties have been more understanding of Mr Clinton's predicament, generally concurring he has no choice but to support Mr Yeltsin, at least as long as the Russian leader is committed to battling the Congress at the ballot box rather than the streets. Some, indeed, would like Mr Clinton to make even clearer whose side he is on.



Valery Zorkin, chairman of the Constitutional Court (left): "[Your decision] suspends the basis of the Russian constitution [and] leads to further destabilisation of society, with all the ensuing consequences... you are discrediting yourself as the president."

Gen Alexander Rutskoi, vice president (right): "This order [of Yeltsin's] will lead to a split in society and in the state... Major disputes will start in the society, followed by the use of force and the spilling of blood... respected Boris Nikolayevich, I beg you to change your announcement on television."

'I am counting on understanding for my actions'

The following are extracts from President Boris Yeltsin's address to the nation on Saturday.

"In June 1991 you elected me President, entrusted the government of the Russian Federation state to me. Then, for the first time in the thousand-year history of the country, a choice was made, a choice of head of state and a choice of the path which Russia should follow.

"The choice was extremely tough and responsible - either, as before, head down the communist dead end, or begin deep reforms so as to take the road of progress, along which all

civilised humanity is moving...

"The Congress is trying to limit the president, his strivings to give land to the people and to preserve Russia. Possibilities of a search for accord with the conservative majority of the deputies' body are completely exhausted...

"The Congress refused to listen to the voice of the country, it refuted the opinion of the overwhelming majority of voters, but the Congress is not Russia.

"In these conditions the president is obliged to take on him-

self the responsibility for the fate of the country. On me as president lies the state obligation, in the conditions of major changes which Russia is undergoing now, to furnish observation of the very bases of the constitution, and first and foremost of people's power, federalism, the division of powers, and human rights and freedoms...

"I have given the order to the Ministry of Defence not to allow the use of the army for political ends.

"I confirm that henceforth concern about the armed forces, about servicemen will

be one of the most important tasks of the Russian state, I especially want to stress that my order guarantees the observation of human rights in its full measure...

"Esteemed citizens of Russia, I will be frank: I am minded to act resolutely. I think that there is no other way in the situation that has taken shape.

"If political squabbling is not halted, if no resolute measures are taken to resolve the political crisis, if no powerful momentum is given to the economic reforms, the country will be pushed into anarchy.

Viktor Stepanovich Chernomyrdin, chairman of the Council of Ministers, has been instructed to present, within two days, a list of priority economic measures...

"The list should provide first for measures to resolve the land question; a simple and understandable mechanism for handing land over to citizens as private property is needed.

"I am counting on the support of the country's main political groupings. I shall continue my dialogue with them on a draft for a new constitution and implementation of economic reforms, and on how they can work together with

the government.

"Esteemed fellow citizens, I am proposing a way out of the crisis that is civilised and based on the fundamental tenets of the constitution, without extreme or arbitrary measures, without tanks or barricades, without street rallies or strikes.

"You yourselves, the citizens of Russia, will decide everything by your vote. This will be your choice, the choice of the people. I am counting on understanding for my actions and I ask you to support your president. I believe I have your support."

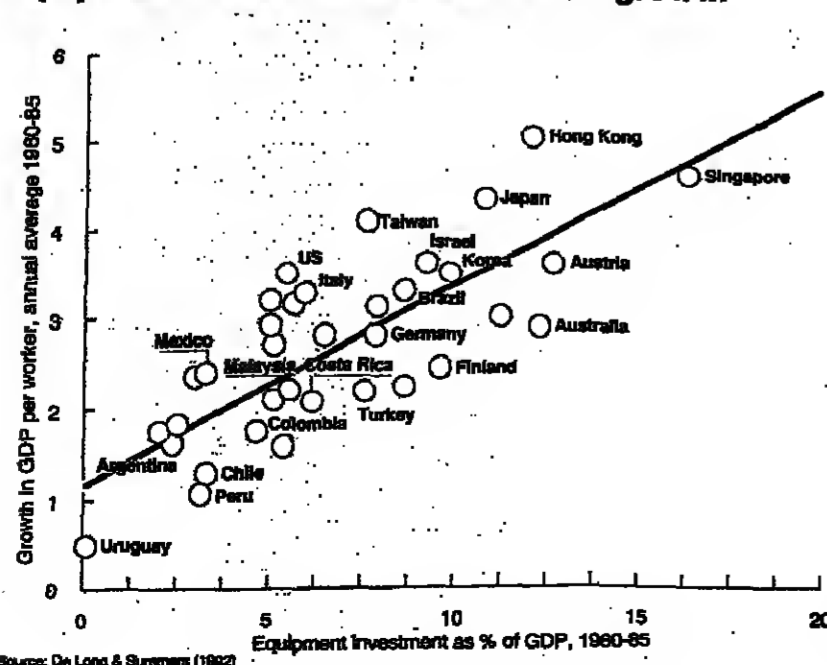
INTERNATIONAL ECONOMIC INDICATORS: PRICES AND COMPETITIVENESS

Yearly figures are shown in index form with the common base year of 1985. The real exchange rate is an index throughout; other quarterly and monthly figures show the percentage change over the corresponding period in the previous year and are positive unless otherwise stated.

UNITED STATES						JAPAN						GERMANY						FRANCE						ITALY						UNITED KINGDOM					
	Consumer price	Producer price	Earnings	Unit labour costs	Real exchange rate		Consumer price	Producer price	Earnings	Unit labour costs	Real exchange rate		Consumer price	Producer price	Earnings	Unit labour costs	Real exchange rate		Consumer price	Producer price	Earnings	Unit labour costs	Real exchange rate		Consumer price	Producer price	Earnings	Unit labour costs	Real exchange rate		Consumer price	Producer price	Earnings	Unit labour costs	Real exchange rate
1987	105.6	100.7	103.6	96.7	65.4	101.2	92.5	103.1	100.6	131.6	100.1	95.1	108.0	107.1	123.9	105.9	97.8	107.9	103.0	102.9	111.0	108.2	111.6	105.8	102.3	113.0	107.7	108.3	116.3	105.9	91.3	1987			
1988	109.6	103.2	106.8	98.1	61.8	102.2	92.5	103.1	100.6	131.6	101.4	95.1	108.0	107.1	125.3	108.8	102.8	111.1	104.3	99.3	124.2	113.1	125.8	112.4	107.2	121.8	116.0	137.2	113.6	96.4	1988				
1989	115.2	108.5	110.0	98.9	55.5	104.6	94.2	114.0	96.1	132.2	101.4	98.3	117.3	107.8	121.0	112.9	108.4	115.4	105.5	92.3	124.2	113.1	125.8	112.4	107.2	121.8	116.0	137.2	113.6	96.4	1989				
1990	121.5	113.8	113.8	100.9	60.8	108.2	95.7	120.1	98.2	114.8	107.0	101.0	123.8	110.4	125.0	116.4	107.1	120.6	110.0	95.7	131.8	117.8	134.7	119.9	113.7	133.3	126.0	150.1	123.2	102.3	1990				
1991	126.6	116.3	117.3	103.5		111.8	98.8	124.4	101.6		110.7	103.4	131.8	114.8		120.0	105.8	125.8	114.0		140.3	121.7	147.9	131.3		141.2	133.0	162.4	130.3		1991				
1992	130.4	117.7	120.1	103.1		113.8	95.8	126.1	110.5		115.1	104.8				123.3	104.0	130.3			147.7		155.8			146.4	138.0	173.1	132.4		1992				
4th qtr.1991	3.0	-0.2	2.6	1.7		3.2	-0.1	3.2	8.0		4.0	2.4	n.a.	6.6		2.6	-3.6	n.a.	2.7		6.1	2.1	10.6	12.8		4.2	5.0	7.9	2.3		4th qtr.1991				
1st qtr.1992	2.9	0.4	2.6	-0.1		2.1	-0.8	2.5	6.2		4.3	2.0	n.a.	4.5		3.1	-3.0	n.a.	1.8		5.8	1.4	9.2	3.2		4.1	4.5	8.6	3.5		1st qtr.1992				
2nd qtr.1992	3.1	1.3	2.8	-0.5		2.8	-1.0	2.4	8.7		4.5	2.0	n.a.	3.8		4.1	-2.4	n.a.	2.8		5.6	2.0	8.0	5.0		4.2	3.6	5.9	1.2		2nd qtr.1992				
3rd qtr.1992	3.1	1.8	2.3	-0.1		2.0	-0.9	1.0	8.7		3.5	1.0	n.a.	6.1		2.7	-0.9	n.a.			5.2	1.9	3.7			3.6	3.5	8.2	2.0		3rd qtr.1992				
4th qtr.1992	3.0	1.5	2.0	-0.9		0.8	-1.2	0.2	8.4		3.7	0.5	n.a.			2.2	-1.5	n.a.			4.8	2.9				3.0	3.4	5.7	-0.2		4th qtr.1992				
January 1992	2.6	-0.4	1.7	0.7	n.a.	2.0	-0.7	4.6	7.8	n.a.	4.0	1.8		4.5	n.a.	2.8	n.a.		n.a.	n.a.	6.1	1.3	9.4	n.a.	n.a.	4.2	4.5	7.5	4.0	n.a.	January 1992				
February	2.8	0.6	3.5	-0.1	n.a.	2.2	-0.8	1.2	8.9	n.a.	4.3	2.0		3.6	n.a.	3.0	n.a.		n.a.	n.a.	5.3	1.5	9.1	n.a.	n.a.	4.1	4.4	7.8	1.6	n.a.	February				
March	3.2	1.1	2.6	-0.7	n.a.	2.2	-0.8	1.7	9.8	n.a.	4.8	2.5		5.4	n.a.	3.2	n.a.		3.9	n.a.	5.5	1.4	9.1	n.a.	n.a.	4.0	4.5	10.3	4.9	n.a.	March				
April	3.2	1.1	3.4	-0.6	n.a.	2.8	-0.9	1.3	8.7	n.a.	4.8	2.0		5.4	n.a.	3.1	n.a.		n.a.	n.a.	5.5	1.8	8.8	n.a.	n.a.	4.3	3.8	5.0	-0.5	n.a.	April				
May	3.0	1.1	2.6	-0.9	n.a.	2.3	-0.9	1.1	11.8	n.a.	4.8	2.0		5.4	n.a.	3.1	n.a.		n.a.	n.a.	5.7	2.1	4.6	n.a.	n.a.	4.3	3.5	7.0	2.4	n.a.	May				
June	3.1	1.6	2.6	-0.3	n.a.	2.5	-1.0	3.8	5.7	n.a.	4.2	2.0		4.3	n.a.	3.0	n.a.		3.6	n.a.	5.4	2.1	4.7	n.a.	n.a.	3.8	3.5	6.5	1.7	n.a.	June				
July	3.2	1.7	1.7	-0.2	n.a.	2.0	-0.6	2.3	8.8	n.a.	3.8	1.1		8.6	n.a.	2.9	n.a.		n.a.	n.a.	6.4	1.9	4.0	n.a.	n.a.	3.7	3.6	5.5	1.7	n.a.	July				
August	3.2	1.6	2.6	-0.4	n.a.	1.8	-0.6	-1.5	11.4	n.a.	3.8	0.8		4.3	n.a.	2.7	n.a.		n.a.	n.a.	5.2	1.9	3.5	n.a.	n.a.	3.6	3.4	6.5	1.8	n.a.	August				
September	3.0	1.8	2.5	0.3	n.a.	2.2	-0.9	1.4	8.6	n.a.	3.8	0.8		4.3	n.a.	2.9	n.a.		3.5	n.a.	5.1	1.6	3.7	n.a.	n.a.	3.6	3.4	6.5	1.7	n.a.	September				
October	3.2	1.7	1.7	-0.5	n.a.	1.2	-1.1	1.5	8.6	n.a.	3.7	0.5		7.8	n.a.	2.4	n.a.		n.a.	n.a.	4.8	2.0	4.1	n.a.	n.a.	3.8	3.4	5.7	1.1	n.a.	October				
November	3.0	1.3	1.7	-1.0	n.a.	0.6	-1.1	1.5	9.4	n.a.	3.7	0.5		7.8	n.a.	2.1	n.a.		n.a.	n.a.	4.9	2.2	2.1	n.a.	n.a.	3.0	3.2	5.3	0.2	n.a.	November				
December	2.6	1.8	2.5	-1.3	n.a.	0.9	-1.2	-0.7	10.3	n.a.	3.7	0.5		7.8	n.a.	2.0	n.a.		3.6	n.a.	4.7		2.4	n.a.	n.a.	2.6	3.5	5.4	0.0	n.a.	December				
January 1993	3.3	1.6	2.5	-1.8	n.a.	1.3	1.0	-1.1		n.a.	4.0	0.8		7.8	n.a.	2.1	n.a.		n.a.	n.a.	4.7		2.4	n.a.	n.a.	1.7	3.6	5.0	-2.2	n.a.	January 1993				
February	3.3	1.6				1.3					4.2	0.5		7.8	n.a.	2.1	n.a.		n.a.	n.a.	4.7		2.4	n.a.	n.a.	1.8	3.7					February			

Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA from national government and IMF sources. Consumer prices not seasonally adjusted. Producer prices not seasonally adjusted. US - finished goods, Japan - manufactured goods, Germany - industrial products, France - intermediate goods, Italy - total producer prices, UK - manufactured products. Benchmark index: not seasonally adjusted, refers to earnings in manufacturing except France and Italy (except Japan (monthly) and UK (weekly)). Unit labour costs: seasonally adjusted, measured in domestic currencies. Germany - mining and manufacturing, other countries - manufacturing industry. Real exchange rate: IMF real effective exchange rate based on relative unit labour costs (non-normalised). A fall in the index indicates improved international competitiveness.

Equipment investment and economic growth



Post-communist dilemmas for would-be activists

IT IS ironic, as well as potentially disastrous, that the collapse of communism and the consequent pleas for western aid and trade arrived at just the time when western capitalism was slipping into one of its periodic bouts of recessionary angst. Russian President Boris Yeltsin might feel disappointed at the rather lukewarm support, financial or otherwise, that the west has been able to offer him over the past 18 months as his post-Soviet day of reckoning has approached. Warm words of support, he may reflect, are one of liberal capitalism's cheaper commodities.

Yet the collapse of the Soviet planned economy has also made economic and political life very difficult for western governments with activist inclinations. The electoral failure of the French Socialists suggests that left-inclined governments must offer something more than monetarism laced with protectionist rhetoric. The challenge for US President Bill Clinton, elected to reverse a decade of "trickle-down" economics, is to find a government activism which works.

The US administration has chosen to emphasise the need to raise the low level

Bosnia peace talks reach an impasse

Nato jets ready to enforce no-fly zone

NATO has completed plans to enforce a no-fly zone over Bosnia, with the United Nations expected to approve the use of armed fighters this week to shoot down Serb or other aircraft over the republic, Reuter reports from Brussels.

At the same time negotiations on peace talks to end the war reached an impasse at the weekend with mediators Mr Cyrus Vance and Lord Owen evaluating how or whether to keep the negotiations going.

Bosnia's Muslim President Alija Izetbegovic has refused to participate in any formal talks with the Bosnian Serb leader, Mr Radovan Karadzic, as long as the siege of the east Bosnia town of Srebrenica continues.

At issue in the peace talks is a map splitting Bosnia into 10 semi-autonomous provinces, largely along ethnic lines. Bos-

nia's Croats have accepted this plan but both the government and the Serbs have rejected it. Nato sources in Brussels said the no-fly zone enforcement operation would be run from a Nato air headquarters at Vicenza, north-east Italy, and would probably include fighters from the US, Britain and France.

"We're ready to go, just as soon as the UN tells us," said one Nato official. Various plans were available, ranging from simple patrolling of the skies to bombing airfields in Serbia and elsewhere if necessary.

While Nato will run the operation, it will be under the strict political control of the UN, which can stop or modify the operation as it likes.

The UN imposed the no-fly zone over Bosnia last October

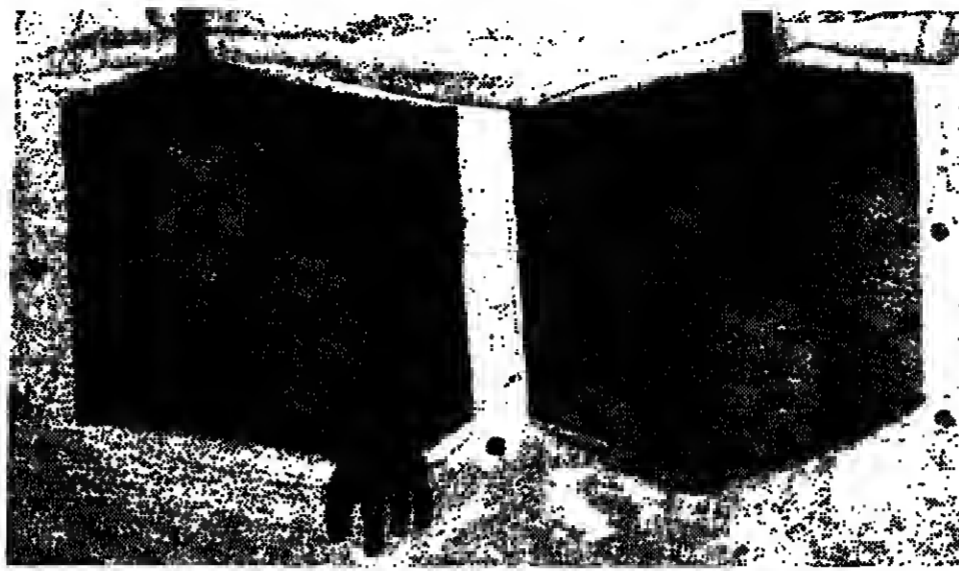
to stop air attacks. The flight ban has been violated more than 450 times since then, mostly by the Serbs.

The UN Security Council is expected to vote for enforcement this week, after light aircraft carried out the first confirmed bombing raids against Muslim villages in Bosnia and then flew off in the direction of Serbia one week ago.

The resolution is also expected to include a "warning period" of days or even weeks before enforcement begins.

In eastern Bosnia, General Philippe Morillon tried to put together a deal with Serbs and Muslims yesterday to get aid flowing again to starving Muslims there.

Gen Morillon, commander of UN troops in Bosnia, left the headquarters he has set up in Srebrenica for talks with both



Evacuees from Srebrenica peer out of the UN lorry taking them out of the besieged Muslim town

warring parties after 18 trucks with supplies for the besieged Muslim town were blocked on the Serbian-Bosnian border.

A UN military source in the border town of Mali Zvornik, where the Danish trucks were stranded for a second day, said the French general had talks in the Bosnian Serb town of Bratunac before driving on to the Muslim stronghold of Tuzla.

US aircraft dropped more aid over Srebrenica early on Sunday but, for the first time, scattered individual packets rather than pallets to try to prevent starving inhabitants from killing each other in the chaotic scramble for food.

Meanwhile, the besieged Bosnian capital, Sarajevo, came under heavy artillery attack yesterday after two days of relative calm.

Serb artillery unleashed a ferocious barrage on the Old Town area and the residential neighbourhood of Vratnik at dawn.

Shelling, apparently from Muslim positions, also rained down on the airport, hub of the international relief airlift for the besieged capital, and closed the road leading from it into the city, UN officials said.

Strike threats loom larger in east Germany

By Judy Dempsey in Berlin

THE THREAT of strikes among eastern Germany's engineering, metal, electrical and steel employees, was part of that agreement. Both the DGB and IG Metall say the employers want to end the system of collective wage bargaining, which would mean that employers would be free to set their own wages.

But Mr Tyll Necker, president of the German Industry Federation, said demands for a 26 per cent pay increase on April 1 in the five eastern states was "a little mad".

The DGB said it wanted to show that it opposed the decision by Gesamtmetall, the employers' association, to renege on a contract made with IG Metall, the engineering union, in March 1991. That contract would have brought east-

ern German wages up to western German levels by April 1994. The 26 per cent pay rise, due next month for eastern German engineering, metal, electrical and steel employees, was part of that agreement.

So far, the government has issued no statement about the pending strike. But Mr Karlheinz Blessig, Social Democratic party secretary, said "a strike, provoked by the employers, was the last thing the new states wanted".

Building equipment demand set to fall

By Andrew Baxter

DEMAND FOR construction equipment in Europe is likely to fall by 8 per cent this year as the boom in Germany caused by reunification passes its peak, according to a forecast by the London-based Corporate Intelligence Group.

The predicted decline follows a 3 per cent fall in the European market last year to 95,901 units, and sales are expected to fall by a further 7,000 units this year.

If that happens, the group said, the market would have declined by 15 per cent since 1989.

The surge in equipment sales in Germany has been the one bright spot in the industry over the past three years. Unit sales rose by 22 per cent last year to 44,555, and Germany now represents 47 per cent of the European market, compared with 18 per cent in 1989 for the former West Germany.

Sales in Germany had bene-

fited from the influx of new citizens from eastern Europe, and the work to be done in the new federal states.

Wheeled loaders, hydraulic excavators and small earth-movers had been bought in great quantities.

But 1993 had started slowly, and overall sales were likely to fall this year by 13 per cent to 33,955, the group said.

"In the bonanza of selling in the east, there are many dealers of very doubtful financial standing and by the end of 1993

there will probably be quite a shake-out in progress.

"There is the worry that rental fleets recently created will be under-used, with banks reclaiming machines and forcing them back on to the used equipment market at low prices."

In spite of the decline, however, the German market will still be about 120 per cent bigger than in 1988, and German sales will continue to dominate the European market.

All other countries apart

from Austria and Denmark declined last year, with the sharpest falls in Finland, Sweden and Spain.

Overall the group said 1993-94 would be a period of continued difficulty for construction equipment producers, and real recovery was unlikely before 1995-96.

Report £100 from Corporate Intelligence Group, 51 Doughty Street, London WC1N 2LS.

VME plunges to \$34m net loss. Page 14

Danish doubts on Maastricht

DANISH voters are increasingly doubtful whether to vote for the Maastricht treaty and Denmark's opt-outs agreement in the May 18 referendum, according to a Gallup poll published yesterday, writes Hilary Barnes.

The poll indicated 47 per cent would vote yes, compared with 54 per cent in favour in a poll in early February. Some 25 per cent said they would vote against, unchanged from February. The "don't know" however, increased from 13 to 24 per cent.

Warning on cost of EC steel job losses

By Hilary Barnes in Nyborg

THE COSTS of social compensation for the tens of thousands of European steelworkers likely to lose their jobs when the industry is restructured over the next few years could be much higher than expected, according to Mr Martin Bangemann, EC industry commissioner. He was speaking after a meeting of EC industry ministers in Nyborg,

Denmark at the weekend.

Neither he nor other participants were prepared to quote figures, but the implication of Mr Bangemann's statement appears to be that redundancies will be in the upper range of estimates made at the ministers' meeting in Brussels on February 25. It was said then that 50,000-100,000 jobs might have to go as crude steel producers and rolling mills were closed.

NEWS IN BRIEF

Belgians at odds on austerity plan

BELGIUM'S centre-left government failed after a weekend marathon of talks to agree on an austerity plan to cut the country's huge debt. Reuter reports from Brussels. A government spokeswoman said there were still serious differences among the coalition parties and that plans to present the austerity package to parliament today had been scrapped.

The Christian Democrat and Socialist parties agree on the need to find an extra BF110bn (\$3.3bn) by the end of next year, either in savings or in extra revenue. However, the Socialists want to avoid higher taxation, while the Christian Democrats favour large spending cuts and extra taxes.

Turkish Kurd peace hopes rise

Turkish Kurds marked the Nowrouz spring festival with only minor outbreaks of unrest yesterday, keeping alive peace hopes raised by a guerrilla ceasefire, Reuter reports from Cizre.

A 15-year-old youth, one of six civilians wounded by bullets when police broke up an unauthorised demonstration by Kurds in the southern industrial city of Adana, died of his wounds, a police official in the city told Reuter. A child was injured and 200 people were detained in Adana, according to the police chief. But there was no repeat of last year's Nowrouz bloodbath in which about 100 people died, most of them civilians.

Tanks, armoured cars and sharpshooters kept a tight grip on the south-eastern towns of Cizre and Silopi. There were few signs of trouble from Kurdistan Workers' Party guerrillas, whose leader has called a unilateral 26-day ceasefire.

Dutch Sunday newspaper closes

The Netherlands' only Sunday newspaper has folded after just 23 issues, marking the failure of the second attempt in 30 months to persuade the Dutch to acquire the habit of reading a Sunday newspaper, writes Ronald van de Krol in Amsterdam. HP/De Tijd op Zondag blamed lack of advertising for its demise. The newspaper, which had 55,000 subscribers, faced high costs because of a union ban on Sunday printing that forced it to print in Belgium.

The Financial Times (Europe) Ltd
Published by The Financial Times
(Europe) GmbH, Frankfurt Branch,
Näheungspforte 1, 6060
Frankfurt-am-Main 1. Telephone 49 69
156830; Fax 49 69 2964481; Telex
416193. Represented by E. Hugo,
Managing Director. Printer: DVM
GmbH-Hürthel International, 6078
Neu-Isenburg 4. Responsible editor:
Richard Lambert, Financial Times,
Number One Southwark Bridge,
London SE1 9HL. The Financial Times
Ltd, 1993.

Registered office: Number One,
Southwark Bridge, London SE1 9HL.
Company incorporated under the laws
of England and Wales. Chairman:
D.E.P. Palmer. Main shareholders: The
Financial Times Limited, The Financial
Times Newspaper Group.
Publishing director: J. Rolley, 168
Rue de Rivoli, 75004 Paris
Cedex 01. Tel: (01) 4297 0211; Fax: (01)
4297 0629. Editor: Richard
Lambert. Printer: SA Nord Eclair, 1521
Rue de Calix, 59180 Roubaix Cedex 1.
ISSN: ISSN 1148-2753. Commission
Paritaire No 67808D.

Financial Times (Scandinavia)
Vimmetakfiet 42A, DK-1161
Copenhagen-K, Denmark. Telephone
(33) 13 44 41. Fax (33) 353335.

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Notice of Redemption

To the Holders of

Weingarten Realty Investors
Convertible Debentures Due 2003

NOTICE IS HEREBY GIVEN, pursuant to the provisions of Section 1105 of Indenture dated as of May 9, 1988 (the "Indenture"), between Weingarten Realty Investors ("Company") and Chemical Bank, as Trustee, that pursuant to Section 1101 of the Indenture, the Company has elected to redeem all of its outstanding Convertible Debentures Due 2003 (the "Debentures") on April 22, 1993 (the "Redemption Date") at 106% of the principal amount thereof, plus accrued interest thereon to the Redemption Date (the "Redemption Price").

On the Redemption Date, the Redemption Price on the Debentures will become due and payable upon presentation and surrender thereof (in the case of coupon bearer Debentures together with all appurtenant coupons maturing subsequent to May 9, 1993 attached) at the main offices of Chemical Bank in London and Frankfurt, at the main office of Kredittbank N.V. in Brussels and at the main office of Banque Internationale a Luxembourg S.A. in Luxembourg.

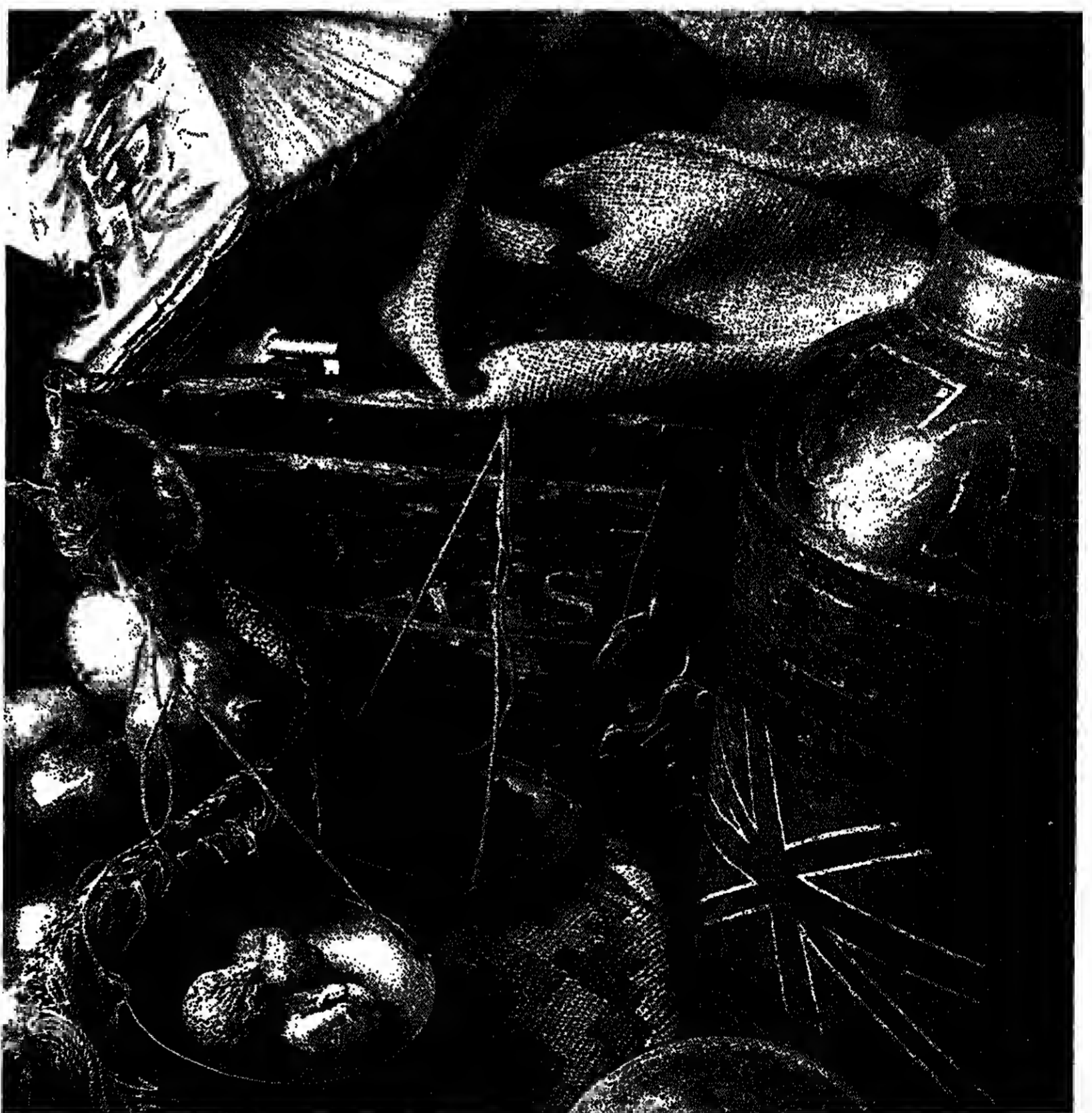
On and after the Redemption Date interest shall cease to accrue upon the Debentures.

The Conversion Price is U.S. \$29.50 for each U.S. \$1,000 principal amount of Debentures per Common Share so converted. The right to convert the Debentures will terminate at the close of business on the Redemption Date. Debentures to be converted should be surrendered at the offices listed above.

By: **CHEMICAL BANK,**
as Trustee

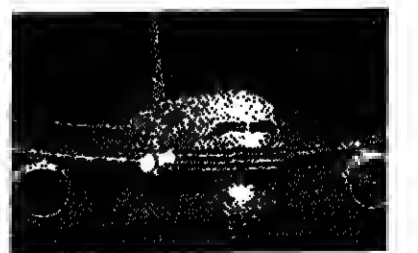
Dated: March 22, 1993

Under the Interest and Dividend Tax Compliance Act of 1983, we may be required to withhold 31% of any gross payments made within the United States to certain holders who fail to provide us with, and certify under penalties of perjury, a correct taxpayer identifying number (employer identification number or social security number, as appropriate) or an exemption certificate on or before the date the securities are presented for payment. Please therefore provide the appropriate certification when presenting your securities for payment.



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BOEING

NEWS: INTERNATIONAL

Tokyo market shines out of the gloom

Experts are at a loss to explain the surge, writes Emiko Terazono

EVEN Mr Hidenobu Sasaki, the eccentric but popular stock market analyst, is at a loss to explain it. Surrounded by an array of astrological charts at Nikko Securities, Mr Sasaki, famed in Japan for his Buddhist-inspired analysis of the stock market, admits he cannot explain the surge in the Tokyo market over the past three weeks.

Stockbrokers return to work this morning amid an atmosphere of nervous anticipation. For more than three years the market had slid, with trading volumes contracting. If this rally of the past few weeks continues unabated this week, Tokyo could move above 19,000, touching levels it has not reached for months.

The backdrop for the rally could hardly be gloomier. Companies are preparing to announce what for most will be their third consecutive year of declining profits.

Last week the government announced that the economy grew by only 1.5 per cent last year, the slowest rate of growth for 18 years, largely because domestic demand is still feeble. Meanwhile, Japan's political leadership is again under the shadow of a political scandal, involving tax evasion by Mr Shin Kanemaru, until

THE emergency economic package which Japan's government is drawing up to stimulate the flagging economy could be worth ¥14,000bn (\$81bn), Mr Hiroshi Mitsuoka, the senior politician in charge of co-ordinating the plans, said on television at the weekend, writes Charles Leadbeater in Tokyo.

Details of the package are to be decided in the next three weeks before Mr Kiichi Miyazawa, prime minister, visits Washington for talks in mid-April. They are still to be

recently godfather of the ruling Liberal Democratic party.

Yet the stock market has thrived in the face of this economic and political adversity.

The index has risen by 10 per cent over the past two weeks to close last Friday at 18,537.17. Just as significantly, trading volumes have surged to levels unseen since the late 1980s. A daily average of 550m shares were traded over the fortnight, 2.3 times higher than last month's average figure.

But if the facts are clear, the causes are not. Mr Sasaki and more conventional analysts cannot agree on whether the market's revival is the product of clever government intervention or whether prices have ended their three-year slump. Could the surge be a long-awaited harbinger of a revival in the rest of the economy? Politics has had a huge

impact on the market. The government is steering banks and life insurers away from selling shares. It has also pumped in money from public pension funds.

The passage of the 1993 budget through the lower house of the parliament cleared the way for the LDP to begin work on another stimulatory package for the economy. All the signs are that it should be larger than the ¥10,700bn programme introduced last summer. Some LDP officials have suggested a further ¥6,000bn could be devoted to stock buying.

In addition, the performance of one stock, Nippon Telegraph and Telephone, the partly state-owned telecommunications group, has driven the market higher. The LDP has suggested that NTT may be allowed to raise its charges, which should boost its profits.

debated, but are likely to include tax cuts for housing and investment in small businesses, a public works programme which could be worth more than ¥8,000bn, and a special investment programme to develop the country's telecommunications infrastructure.

A package worth ¥14,000bn would be by far the largest ever introduced by the Japanese government. Its scale is a mark of the political pressure the government is under, domestically and internationally, to revive the economy.

The company is also cutting costs with an aggressive restructuring programme.

The Bank of Japan has also played its part with a cut in its official discount rate to an historic low of 2.5 per cent. This is benefiting equities, as Mr Yuichi Kohashi at Daiwa Securities says: "Low interest rates are pushing liquidity into the markets."

Brokers say the government's support may have sparked genuine buying. Foreign investors, scared of missing the recovery, have rushed in. For the week ending March 19, overseas investors bought a net ¥304bn, the largest net purchase since the second week in February 1991.

How long will the rally last? Mr Hideo Sakamaki, president of Nomura Securities, at the weekend told 400 of his managers the stock market surge was

anticipating a recovery in the economy as a whole.

Many analysts are not so sure. The economy still looks weak. Projections for corporate profits suggest that earnings will fall for the year to next March, the fourth consecutive year of decline, which would be a post-war record.

Once companies close their books at the end of the month, they will not need higher stock prices to boost the value of the securities holdings on their balance sheets.

Many analysts expect that after that the stock market will shed some of its recent gains, mainly because of the political timetable. Mr Kiichi Miyazawa, prime minister, must convince the US government, which is unhappy with Japan's surging trade surplus, that the package will stimulate the economy's demand for imports.

The package, due to be announced before Mr Miyazawa sets off to Washington in the middle of next month, could mark the end of the good news on economic policy for a while, so some analysts are telling clients to be ready to sell.

As Mr Jason James, a strategist at James Capel, puts it: "Sell as Mr Miyazawa steps on the plane."

Brazilian state sales resume

By Christine Lamb in Rio de Janeiro

BRASIL'S privatisation programme has resumed after a four-month suspension. The government stake in petrochemicals company Poliolefinas was sold on Friday at the minimum price of \$96.1m to Odebrecht, one of Brazil's leading construction groups.

The sale was seen as a clear indication that President Itamar Franco's government is serious about modernisation and reducing the deficit.

There is still considerable opposition in Brazil to privatisation. A legal battle on Friday caused a five and a half hour delay before Poliolefinas could go under the hammer.

The government is expected to face serious difficulties over the next auction: that of the Rio-based National Steel Company, scheduled for April 2. The company is regarded as a symbol of Brazil's industrial might. Rio's governor intends to oppose the sale.

Mr Rilson Resende, finance minister, says the government will impose "strict vigilance" over prices by strengthening the Price Monitoring Department though it will not reintroduce controls.

NEWS IN BRIEF

Spain Socialists see support fall

SUPPORT for Spain's governing Socialist party has fallen sharply, and is now only marginally ahead of that for the opposition conservatives, according to an opinion poll published yesterday. The survey suggests that a hung parliament will be returned when general elections are held later this year, writes Tom Burns in Madrid.

The poll of 10,000 voters in the newspaper El Pais indicated that the Socialists would hold just 146 seats of the 175 they won in October 1989 and that the centre-right Partido Popular (PP) would increase its presence in the 350-member congress from 107 seats to 143.

The Socialist share of the vote has slipped from 39.8 per cent of the vote at the last elections to 33.9 per cent and the PP's has grown from 25.8 per cent to 36.3 per cent.

Mexico's economic growth slows

MEXICO'S economy grew by 2.6 per cent last year, slightly below the government's latest forecast, with growth slowing sharply in the last quarter to 1.9 per cent on an annual basis, writes Damien Fraser in Mexico City.

According to government figures, growth slowed from 1991's 3.6 per cent despite a strong increase in total investment of 13.9 per cent and in private investment of 30.4 per cent. Such investment failed to stimulate growth further because of rapid depreciation of existing capital stock.

Siemens in China phones venture

Siemens, the German telecommunications group, is investing \$30m (\$21m) in a joint venture to produce 300,000 digital mobile phones annually to serve the fast-growing China market, writes Tony Walker in Beijing.

Siemens, in partnership with two Shanghai companies, will also produce 500 sets of base station sub-systems each year from 1994 at a plant in the city's Pudong development zone. Agreement for the \$50m project was signed this week with Changliang Communications and Xinda Communications Technique.

UK groups win credit guarantees

British exporters have won credit backing for their 32 per cent share in the \$2.45bn Black Point power station in Hong Kong, one of the largest power contracts in the world, writes David Dowdwell.

The Export Credits Guarantee Department, the UK government's export credit agency, is guaranteeing two buyer credits, one for \$872m, and a second for HK\$800m, for work awarded to GEC Alsthom as a member of a consortium with General Electric of the US. The loans are being arranged by Schroders, the UK merchant bank.

CONTRACTS & TENDERS

Holding Co. For Mining, Refractories and Building Materials

Invitation for Prequalification

In continuation of the ongoing structural adjustment program which the Government of Egypt in cooperation with the IMF has embarked upon, preparations are under way for a major restructuring of three cement companies in the Helwan area south of Cairo. The Companies are Tounah Portland Cement Company, Helwan Portland Cement Company and National Cement Company. The Holding Co. for Mining, Refractories and Building Materials invites firms with experience in Operations and Management of Cement Factories to prequalify for providing such services at the three mentioned companies. Firms that will be prequalified, shall be invited to bid for these services. The invitation for Prequalification may be purchased from the Holding Co. for Mining, Refractories and Building Materials at its premises, 9 Str. Nr. 9B - Maadi - Cairo for an amount of USD 250, - or the equivalent in Egyptian Pounds. Submission date of Prequalification Documents by the interested firms is Thursday, April 15, 1993.

Prequalification Documents shall be submitted to:

The Chairman
Holding Co. for Mining, Refractories and Building Materials

LEGAL NOTICES

IN THE SUPREME COURT OF HONG KONG
IN BANKRUPTCY NO. 2136 OF 1992

No

EX PARTE

: TSENG HSIAO TSUN
: GINLY CORPORATION trading as
: GOLDEN NUGGET HOTEL AND CASINO

To

: IN THE MATTER of bankruptcy Petition issued on 17th day of July 1992.

TSENG HSIAO TSUN of 5111 Road, 14th Floor, 77-79 Gloucester Road, Hong Kong and 2nd Floor, No. 146 Robinson Street Central, Hong Kong. TSENG HSIAO TSUN has been issued against you by GINLY CORPORATION trading as GOLDEN NUGGET HOTEL AND CASINO. The said Petition is now on for the 2nd day of March 1993 and that the Court has on the 2nd day of March 1993 ordered that the Petition be adjourned to the 2nd day of March 1993 at 9:30 o'clock in the forenoon and the Order for adjournment be made on the 2nd day of March 1993 by reading the same by printed ordinary post at (1) 1111 Road, 14th Floor, 77-79 Gloucester Road, Hong Kong and by leaving no advertisement of the same in any issue of the Hong Kong Standard or any other newspaper published in Hong Kong and by leaving no advertisement of the same in any issue of the Hong Kong Standard or any other newspaper published in Hong Kong and by leaving no advertisement of the same in any issue of the Hong Kong Standard or any other newspaper published in Hong Kong.

The Petition may be inspected by you on Application at the Supreme Court of Hong Kong, No. 30 Queen's Road, Hong Kong.

Dated the 17th day of March 1993.

Maria, Discus
Solicitor for the Judgment Creditor
3rd to 6th Floors
Alexandra House
Hong Kong

NOTICE OF APPOINTMENT OF
ADMINISTRATOR RECEIVING

Name of company: Wai Construction Company Limited. Registered No: 405649. Trading name: Wai Construction Company Limited. Trade description: Builders, Plasterers, etc.

John Administrative Receivers: David John Stokes and David James Wainwright, Chartered Accountants, 1 East Parade, Sheffield S1 2ET.

Office holder: Wainwright 2662 and 5732. Date of appointment: 12 March 1993. Name of appointor: The Royal Bank of Scotland plc.

Signed David Stokes
Dated 15th March 1993

No 001572 of 1993

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF OTTAKAR'S PLC

IN THE MATTER OF
COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 18th February 1993 presented to His Majesty's High Court of Justice for the winding up of the said company on the ground that it is unable to pay its debts.

A copy of the said Petition will be brought in any such person requiring the same by the undersigned Solicitors on payment of the usual charges for the same.

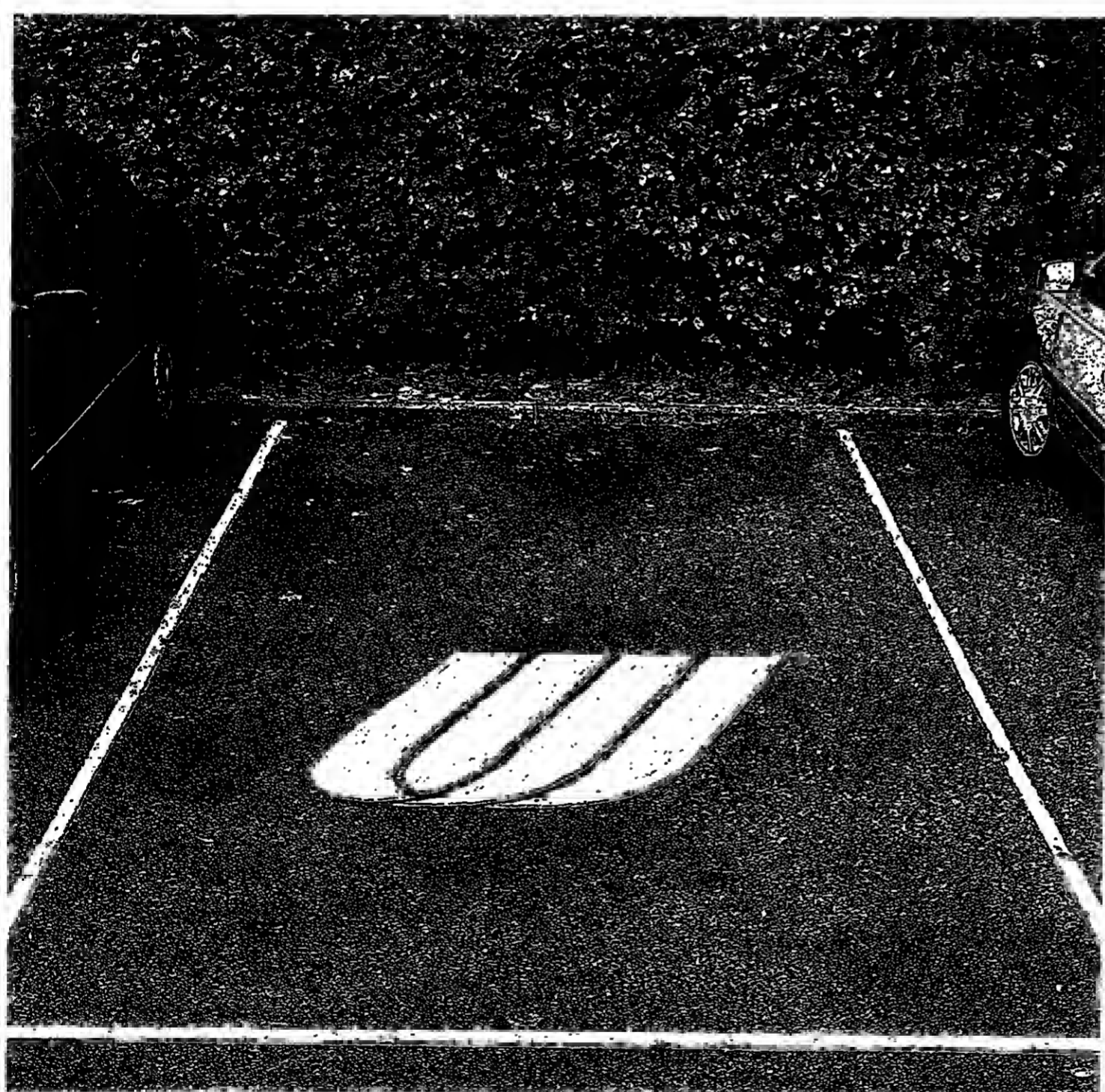
DATED the 22nd day of March 1993

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UNITED AIRLINES

and is near for dogged Paris premier

By William Dawkins in Paris

MR Pierre Bérégovoy can take cold comfort when he departs as French prime minister from the fact that his successor will have little choice but to carry on his own economically rigorous policies.

The right has promised to make some fine adjustments, such as accelerating Mr Bérégovoy's partial privatisations. But the broad approach, especially on the firm franc, will probably be the same.

This is partly because the disciplines of membership of the European Monetary System leave almost no margin of manoeuvre and partly because the right's solutions to unemployment are not very different from the failed prescriptions that contributed to the Socialist's downfall.

It is also a tribute to Mr Bérégovoy's doggedness in holding a firm economic line in a Socialist government that did not always give him whole-hearted support. The one achievement for which he has said he wants to be remembered is the control of inflation, now at a mere 2.1 per cent, well under half its mid-1980s level.

Mr Bérégovoy, 67, has been an effective prime minister: neither brilliant enough to get in President François Mitterrand's way - a mistake which cost Michel Rocard the job - nor erratic, a mistake which led to the dismissal of Mr Bérégovoy's predecessor, Mrs Edith Cresson.

Steering this middle way has made Mr Bérégovoy appear sometimes unexciting, a criticism also levelled at his possible successor, Mr Edouard Balladur. A low profile may be a useful quality for French prime ministers.

Yet despite his alleged grays, Mr Bérégovoy has been an electoral asset for the Socialists as one of the few members of the government to have solid working-class credentials, a quality expected to help him regain his parliamentary seat at Nevers, where he is a popular mayor.

His origins are very different from those of many of his colleagues and advisers, with bourgeois backgrounds and a training in the elite public administration colleges. Mr Bérégovoy never even went to high school and failed the entrance exam for St Cyr military academy.

The son of a Ukrainian grocer, he was a machine tool operator before joining the SNCF railways, where he became a prominent trade union member, and then took a junior management job at Gaz de France, the state utility.

He went into politics as a member of the left-wing Parti Socialiste Unifié, a precursor of the Socialist party, where he worked for Pierre Mendès-France, the one-time prime minister whom he cites as his mentor. He joined the inner circle of French politics as Mr Mitterrand's chief of staff in 1981, just as the Socialist president first took office. It was from there that he later went to the Finance Ministry.

Mr Bérégovoy is said to suspect that some have held his lack of civil service education against him. Indeed, in one widely quoted jibe, a graduate of the Ecole Nationale d'Administration is said to have remarked: "You only have to look at Mr Bérégovoy's socks to see that he is an honest man." That remark has lost some of its significance since he admitted receiving an interest-free loan from a later disgraced businessman.

Whoever Mr Mitterrand chooses from the UDF/RPR coalition as Mr Bérégovoy's successor, the style is at any rate likely to switch back in line with France's traditional ruling elite. The new incumbent might have a smarter socks, but he is likely to tread roughly the same policy path.



Bérégovoy: cold comfort

Serious clash of wills likely with President Mitterrand after election French right in a tough mood

By William Dawkins and David Buchan in Paris

PRESIDENT François Mitterrand will no doubt have some soul-searching to do in the next week or so after last night's crushing defeat of his Socialist party, its worst result for 25 years.

The exact make-up of the national assembly will not be known until the results of next weekend's second round of voting. But the first exit polls last night made this much clear: that the alliance of conservative RPR and centre-right UDF will win between three-quarters and 85 per cent of the 577 assembly seats, a record majority. The Socialists will be lucky to get 10-12 per cent, thereby losing more than two-thirds of their present MPs.

If voters go the same way in the second round, the new right-wing government will be able to exert its will against the weakened but still crafty Mr Mitterrand as never before. The right had a majority of only four seats in the last "cohabitation" government of 1986-1988. This time, Mr Jacques Chirac, RPR leader, has promised that the president will be allowed no "private domains", suggesting that a serious clash of wills is on the way.

Mr Valéry Giscard d'Estaing, former French president and current UDF leader, refused to be drawn on what section Mr Mitterrand should take as a result of last night's humiliation. "It is a matter for him," he said.

Mr Alain Juppé, RPR secretary-general, was more blunt. "To govern, you need continuity and unity at the head of state. My profound wish is that Mr Mitterrand draws the consequences if these results are confirmed in the second round," he said. While the right would not govern aggressively, it would make no concessions.

Mr Chirac, by contrast, warned his supporters against "an excess of optimism". He was perhaps sensitive to the fact that the UDF's (the UDF and RPR alliance) overall share of the vote, at around 40 per cent, was roughly the same as in the last general election in 1988, when the Socialists won a relative parliamentary majority with 37.5 per cent of the vote, which compares with the 19 per cent or so they were estimated to have gained yesterday.

Even so, RPR officials were astonished at the size of their forecast victory. "It is almost too much. It won't be healthy if there is no structured opposition in the national assembly," said Mr Bernard Pons, the party's chief parliamentary whip.

The next important battle will be between the RPR and UDF, for the choice of prime minister. By tradition, Mr Mitterrand chooses a prime minister soon after the end of the second round from the party with the most seats. Under the written constitution, he is free to choose whom he likes.

Computer forecasts indicated yesterday that the RPR would have slightly more seats than the UDF. The Gaullists won just over 20 per cent of the votes, indicating between 240 and 260 national assembly seats, while the centre-right got 19 per cent, or between 200 and 240 seats, according to the projections. However, that could change given the fact that RPR and UDF failed to make a

complete electoral pact and are standing against each other in 69 seats.

The other big surprise last night was the poor showing of the two ecology parties, Les Verts and Génération Ecologie, which appeared to have won a mere 8.5 per cent seats, less than the extreme right-wing National Front, which did better than expected with 12 per cent of the vote.

In pre-election polls the ecologists were winning as much as 16 per cent of the vote at the peak of their popularity at the turn of the year. This sudden decline means the green pair could end up with no seats - it has none in the current assembly - while the National Front, which now has one MP, could win up to three seats.

Ecology leaders attributed this to the fact that many of their own candidates had joined the party as an experiment and therefore lacked conviction in voters' eyes. The signs are that their disloyal former supporters swung right rather than left, another indication of the strength of last night's broad swing away from the Socialists.

MR François Albert, a retired building worker, has voted Socialist all his life and sees no reason to stop now. "I'm not saying this government has been perfect, but at least they've done their best," he said yesterday after casting his vote in the first round of the French parliamentary elections at the town hall of the 4th arrondissement in Paris.

"The polls say the right will win this time. Maybe they will. What will happen to pensioners like me then?"

Mr Albert, like the rest of the French electorate, will find out next Sunday after the second and final round of voting in the elections which, according to exit polls, the centre-right RPR/UDF coalition is set to win by a landslide.

The atmosphere in Paris yesterday was as downbeat as the rest of the campaign. The tourists milling around Paris yesterday in the spring sunshine could have been forgiven for not realising an election was in progress. Because of tight campaigning rules, there were none of the blockbusting advertising campaigns that mark the final days of US elections, nor the eager canvassers who hadger voters outside other European polling stations.

The only signs of the French vote were a few fly posters, odd splashes of graffiti and the official billboards of smiling candidates.

Moreover the tone of the campaign, the 10th parliamentary polls in the Fifth Republic, had been subdued even by French standards. The apparently inevitable conservative landslide, coupled with President François Mitterrand's determination to stay on at the Elysée Palace until the 1995 presidential poll, sapped the electorate's enthusiasm.

Left braced for the landslide

By Alice Rawsthorn in Paris

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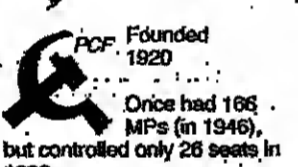
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THE MAIN PARTIES: from the Left to the Right



Communist leader Georges Marchais

We have always been underestimated since the start of this campaign. We invite the electors to vote Communist to say what is in their hearts, rather than to commit themselves ideologically to all we stand for.



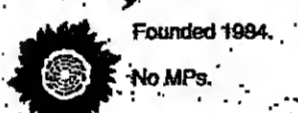
Founded 1920. Once had 168 MPs (in 1946), but controlled only 26 seats in 1988. Want to tax speculation and control export of capital to promote investment at home, and to move towards a 35-hour work week without any reduction in pay.

Hostile to reform of EC farm policy and to Gatt negotiations. Generally against the Maastricht treaty, particularly to joint European defence.



Verts leader Antoine Waechter

Having displaced us for 10 years, the Socialist Party has been counting us for the past 10 months.



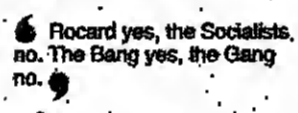
Founded 1984. No MPs. Campaigning on a common policy with Génération Ecologie, but is ideologically more anti-nuclear and pro-conservation than its partner.

Answer to unemployment is to move directly to a 35-hour work week and job promotion (municipal clean-ups) in the non-market economy. Split on Maastricht, prefers "a Europe of regions".



Génération Ecologie leader Brice Lalonde

Responding to Michel Rocard's offer to form new left-wing coalition as a political Big Bang: Rocard yes, the Socialists, no. The Big Bang yes, the Gang no.



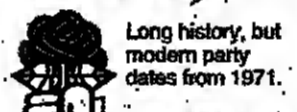
Founded since the last parliamentary election by Brice Lalonde, who quit his job as environment minister in the Rocard government to set up the party in 1990.

No MPs. Supporters include many disillusioned Socialists. Same broad policy as the Greens, but more pro-EC.



Michel Rocard, former prime minister and Socialist, likely presidential candidate

What we need is a broad movement, embracing reform-minded ecologists, centrists, faithful to a social tradition, truly renovated communists... a political Big Bang.



Long history, but modern party dates from 1971. Their 1988 victory with 266 seats (including those of 19 allies) brought them back in power.

They have maintained a strong franc and a modest programme to sell-off of companies they nationalised when they first entered government in 1981. Faced with mounting unemployment, they have proposed work-sharing. The government agreed to EC farm reform last year but has threatened to veto a Gatt deal.



Union pour la Démocratie Française leader Valéry Giscard d'Estaing

The fact that there will be a coherent new team in government, with clear ideas, will be a factor for confidence.



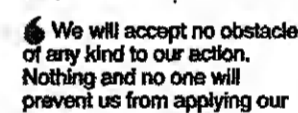
Founded in 1978 as a federation of five separate centre-right parties. Won 128 seats in 1988 election.

Fighting current election on a common platform with the RPR under the name of Union pour la France (UPF). The UDF is more free-market and pro-EC than its RPR partner, and more favourable to decentralisation. Large majority of RPR leaders favour keeping the franc strong.



Rassemblement pour la République leader Jacques Chirac

In warning President François Mitterrand not to try to thwart a future conservative government: We will accept no obstacle of any kind to our action. Nothing and no one will prevent us from applying our policies.



Founded in 1972 by Jean-Marie Le Pen. Party currently has one MP. Extreme-right wing. Policies centre on immigration. Would give priority to French in jobs, housing and welfare, and organise the return home of immigrants. Strongly anti-Maastricht.



Front National leader Jean-Marie Le Pen

Left? Right? Fed up? Vote for me! Secret pollsters keep tabs

By David Buchan in Paris

BRINGING the total number of candidates to a record 5,169 in yesterday's first round of voting were more than a dozen fringe parties - ranging from left- and right-wing splinter groups, to single-issue movements such as those for and against shooting and fishing, to the "Fed Up" party.

Most of these several hundred fringe candidates were knocked out last night, under the rule that only a candidate gaining 12.5 per cent of registered votes can go on to the second round of voting for the

parliamentary elections on March 28.

But some will have helped to spoil the chances of mainstream candidates. The Citizens Movement is fielding 52 candidates, many of them drawing votes away from Socialists, even though this party's founder, Mr Jean-Pierre Chevènement, the dissident Socialist ex-minister, is still a Socialist party member and running for re-election himself on its ticket.

Muddying the waters in the centre of the political spectrum is the Movement of Reformists, inspired by Mr Jean-Pierre

Soissons, himself an oddity as the current non-Socialist farm minister in the government of Mr Pierre Bérégovoy, prime minister.

The countryside has spawned many mini-parties - the "Hunting, Nature, Fishing and Tradition" party (strong in Dordogne and Picardy), their more numerous opponents in the "New Ecologists" Rally for Nature and Animals, and the hardline farming opponents of EC farm reform who have formed "The Stakes for France" movement.

To complete the political gamut of open-air enthusiasts,

there is also the "Rally for Sport" pledged to give "sport the place it deserves in our society".

Mysterious to most voters is the "Natural Law" party. Active in Britain in the general election last year, this movement has now crossed the Channel with a promise to deal with high French unemployment by levitation.

By contrast, many voters could probably identify with the "Fed Up" (Ras-le-Bol) party, but since it fielded candidates only in Lorraine, only voters there had an actual chance to do so.

By David Buchan

THE possibility of surprise last-minute upsets in French elections exists because the country's electoral law forbids the publication of opinion polls within a week of polling day.

But no French government has an excuse for being taken aback by any 11th-hour turnaround in public sentiment, because it has a secretive political department within the interior Ministry which continues to feed it reports on the public mood right up to the moment when the polling booths open.

This department is known as the Renseignements Généraux, a shadowy force whose job is to keep tabs on political developments of all sorts within the country.

The RG used to function more like a secret police in opening politicians' letters and hugging their offices, but since 1964 it has created a polling organisation within the interior Ministry which is the envy of many regular pollsters.

It is able to call on the services of several hundred inspectors, who often interview a much wider sample of the public (up to 2,000 people) than

the regular pollsters do. But, as one RG inspector told Libération newspaper, they are not straightforward about their identity. "When someone asks who we work for, we say that we are doing subcontract work for some institute whose name is known. To say that we are policemen would falsify the replies."

Yet the RG believes it forms a valuable role. "Weakened by decentralisation, the state has more and more need of an institution to supply it the information which will help it take its decisions," the inspector said.

Swiss are most satisfied employees in Europe

By David Goodhart, Labour Editor

SWISS employees are the most satisfied in Europe, followed closely by the Dutch, while UK employees are the least satisfied, according to the latest survey of employee attitudes in eight European countries by International Survey Research.

ISR, which interviewed about 310,000 workers for the survey, asked people's reactions to 15 aspects of their work such as communications, pay, job security and company identification.

It found that, except for the UK, north European workers are far more satisfied than southern European employees. After the Swiss and the Dutch come the Belgians and the Germans, then Spain, France and Italy, with the UK last.

one of the 15 categories. That category is pay, where the Dutch come top.

UK workers were in the top half of the eight countries in only two categories, management and benefits, and have the most negative attitudes of all towards the quality of their work and training and their companies' communications. They also score lowest on company identification and feel the most insecure in their jobs.

An earlier survey in 1982, part of the same programme of research for a group of large companies, found Spanish workers the least satisfied, followed by Italians. The fact that they have now been overtaken by UK employees may reflect the severity and depth of recession in the UK.

Spanish employees are still relatively negative about their management, pay and training but they identify strongly with

their employing organisations. The French have the most unfavourable attitude of all towards pay, work organisation and working relationships.

German employees feel they are efficient, have good working conditions and are satisfied with their jobs. But they are critical of the way they are organised, managed, communicated with and trained. They have the most negative attitudes of all to their immediate bosses.

The categories attracting the highest average favourable response across the eight countries are job satisfaction, working relationships and operating efficiency. The least favourable responses came from pay, communications, benefits and performance and development.

ISR International Survey Research Ltd, Albany House, Petty France, London SW1H 9EE.

Opinion poll suggests fears of racism wave are unfounded Germans dislike neo-Nazis

By Quentin Peel in Bonn

GERMANS do not like having neo-Nazis as their neighbours. They like them even less than drug-addicts, drunks and left-wing revolutionaries.

As for anti-Semitism, it is a feeling still harboured by only a small minority of the German population, and it is not on the increase. It is no more significant than it is in neighbouring France.

Those clear conclusions emerge from an opinion poll of the German population, which suggests that fears of a new wave of racism and right-wing extremism in the country are largely unfounded.

On the other hand, it does suggest that Germans are still pretty choosy about precisely who is coming to live next door to them, but more on grounds of behaviour than of race.

The opinion survey carried out by the respected Allensbach Institute, the country's leading polling organisation, decided to test attitudes to foreigners and political extremism by asking: "Who would you not like to have as your neighbour?"

The result showed that "right-wing extremists" were the nastiest neighbours of all: 77 per cent of the population want to have nothing to do with them.

That compares with 67 per cent who do not want drug addicts next door, 66 per cent who single out "heavy drinkers", and 61 per cent who are equally hostile to "left-wing extremists".

The one minority group in the German population which is clearly the object of prejudice is the gipsies: 64 per cent do not want them as neighbours, either.

Jews are disliked by the smallest proportion: just 7 per cent. "People with large families" are more unpopular - on 8 per cent - and the vague definition "people of a different race" is ruled out by the same proportion.

A similar poll carried out in France in 1990 showed very similar degrees of prejudice: 77 per cent did not want Jews next door, 13 per cent did not want "immigrants" (12 per cent in Germany), and 18 per cent did not want Moslems (17 per cent in Germany).

The Allensbach institutes concludes: "The overwhelming majority of Germans are shocked by and full of contempt for those who believe that German unification can be used to spark a major nationalist blaze... Germans distance themselves from political extremism, and this distance has not decreased in the past two years, but rather, it has

grown." Another poll published on Friday did show, however, that the small minority supporting the far right is still creeping up in size.

The Republicans, the leading representative of far-right views, gained 8 per cent support in the latest Politbarometer published by the ZDF television channel, compared with 5 per cent in February. At a general election, that would be enough to gain seats in the Bundestag.

As for the high political parties, the opposition Social Democrats have slipped back two points to 38 per cent, since their poor showing in local elections in the state of Hesse. They are now neck-and-neck with Chancellor Helmut Kohl's Christian Democrats, which means they could well be considered to co-operate in a "grand coalition" if there were an election tomorrow.

NEWS: UK

Banks consider revealing fewer account details

By John Gapper,
Banking Correspondent

BRITAIN'S main clearing banks may soon end the 150-year-old custom of disclosing information about customers' accounts without their permission.

Confidential proposals drawn up by the British Bankers' Association plan to end the practice by most banks of automatically providing personal credit references when they receive a "status inquiry" from another bank acting on behalf of a third party.

The custom has been criticised for potentially allowing private detectives and companies to mount "fishing expeditions" about individuals' accounts.

The association is proposing a new system under which banks would stop disclosing information to each other. They would instead respond directly to inquiries from individuals or companies about a customer, but only with the customer's written consent.

The new arrangement could

be launched later this year, if approved by banks on the association governing council. It may lead to an amendment to the banking code of practice, which currently says banks will give details of their status inquiry policy only on request. It is common for landlords to make status inquiries about potential tenants to ensure that they can pay rent. Status inquiries are also believed to have been used by private detectives to establish individuals' creditworthiness in cases such as divorce settlements.

Although banks traditionally reply to inquiries in coded language, it has been thought possible to obtain account details by making a series of inquiries about whether an individual can afford various levels of payment.

Barclays and National Westminster are among banks which currently give coded replies to other banks that inquire about their customers' creditworthiness. They do not disclose precise details of accounts, and do not charge the bank making the inquiry.

Republican group admits to bombing

THE Irish Republican Army yesterday admitted that it planted the bombs that killed a child in an English town at the weekend.

In a statement issued in Dublin, it said "republicans will profoundly regret" the "tragic consequences" of Saturday's blasts in a busy shopping area of Warrington, north west England.

Four-year-old Jonathan Ball was killed and 50 people were injured. Five were still in a serious condition in hospital yesterday.

Police said a deliberately misleading telephone warning was given of two bombs one minute apart in the city centre.

Bombings in the IRA campaign against British rule in Northern Ireland are commonplace but children are rarely hit. Jonathan Ball was said to be the youngest victim of the 20-year-old IRA campaign on the British mainland.

Police said the bombs, about 500 grams of Semtex plastic explosive, were placed in litter bins.

Security sources said the bombing might have been a revenge attack for the IRA to show its strength after a series of successes by police and intelligence services combating its campaign.

Exchange picks up the pieces after IRA blast

Shipping headquarters is re-opening in a depleted form, writes Richard Lapper

TRADING is due to resume early next month at a scaled-down Baltic Exchange, the headquarters of London's shipping market wrecked almost a year ago by an IRA bomb.

The exchange, one of the City's best known landmarks, is reopening in a depleted form. Managers have been forced to cut the back-up operations it provides, reducing staffing levels by two thirds. A complete restoration of the building could take three years.

Mr Jim Buckley, the Baltic's chief executive, took seven months to negotiate a £27.6m insurance settlement. Although there is enough money to cover repair work, Mr Buckley says his insurance was insufficient to cover the entire cost of the disruption.

"It has been a nightmare," he says.

The nightmare started last April when the Baltic Exchange's facade took the full force of the IRA bomb blast. Pieces of Swedish granite and Portland stone crashed through the building; marble-clad columns collapsed; and nine glass domes were shattered along with several bronze chandeliers and stained glass windows.

Ironically, business was



Stonemason Paul Rowland checks a bust of Britannia damaged in last year's Baltic Exchange explosion

barely affected by the disaster. Brokers who buy and sell ship space for cargoes ranging from oil to phosphate improvised in the first few days after the explosion and soon rented premises at Lloyd's of London.

The impact, however, on the exchange, its 150 staff and the small businesses around it has been far more severe. Because many of the offices surrounding the trading floor were destroyed, the exchange's

annual income was halved by the loss of £24m in rent.

Mr Buckley has set aside £74m of the £27.6m settlement to meet that loss over the next three years. A further £1m covered the cost of a year's rental

income at Lloyd's, while refurbishment has cost a £3m.

That leaves just £15m to restore the building itself, but there will be insufficient cash to rebuild the 110,000 sq ft of office space.

Rail project likely to be reactivated

By Alison Smith
and Richard Tomkins

LEGISLATION authorising construction of the £2bn Cross-Rail link, the biggest public transport project planned for central London, is likely to be reactivated after Easter as the government seeks to counter accusations that it is trying to shelve the scheme.

Last week the chancellor of the exchequer announced in his budget speech that the project would be re-examined as a candidate for private sector finance as part of the government's attempt to get more private funding into transport. This gave rise to fears of long delays to the scheme because it had previously been agreed that it would be funded wholly

by the public sector. However, it now emerges that the CrossRail bill could be re-activated in May.

The underground railway link between Paddington station on the western side of the capital and Liverpool Street on the eastern side would enable thousands of British Rail commuters to travel beyond the two terminuses to the West End and the City without changing to London Underground's overcrowded trains.

Department of Transport officials yesterday said the government was committed to the project and said the £200m allocated to preliminary work on the scheme over the next three years remained in place.

Background, Page 10

Britain in brief



Uncertainty remains over coal policy

A weekend of crucial talks in the coal and electricity industries ended with uncertainty remaining over whether the government could publish its policy document on the future of the coal industry before the Easter recess in Parliament.

Executives at British Coal and the electricity companies said considerable progress had been made in the talks on contracts which will replace those ending this month. Most of the outstanding differences were resolved. The heads of several electricity companies, however, said they were still unwilling to sign deals to buy coal until the government published its policy. The government wants the deals signed before the policy document.

Number of pay freezes double

The number of pay freezes in British industry has doubled over the past year and pay cuts, although still rare, are becoming more common in vulnerable sectors like construction and engineering, according to a report from pay analysts Industrial Relations Services.

The vast majority of employees continue to get rises which more than match inflation but IRS finds that one in 20 settlements have frozen pay for at least 12 months, including organisations such as Alfred McAlpine, Marconi Defence in Portsmouth, Anglia Television, and Thomson Directories.

ICI cuts emissions

Imperial Chemical Industries, the UK's biggest manufacturer, reduced its worldwide emissions to land, sea and air by 9 per cent from 5.68bn tonnes in 1991 to 5.167bn tonnes last year, according to the company's environmental report.

New audit review urged

Company boards should establish audit committees composed exclusively of non-executive directors, according to guidelines published today by Pro-Ned, the Bank of England-backed organisation which promotes non-executive directors.

Pro-Ned said board-level audit committees should be responsible for ensuring that company's financial and accounting systems provide accurate and up-to-date information, that the financial statements give a true and fair picture of its position and that the external audit is conducted in a thorough manner.

School syllabus under attack

The technology syllabus used in English schools is much less effective in preparing pupils for industry's needs than equivalent courses in other European countries, a report published today by the National Institute of Economic and Social Research says.

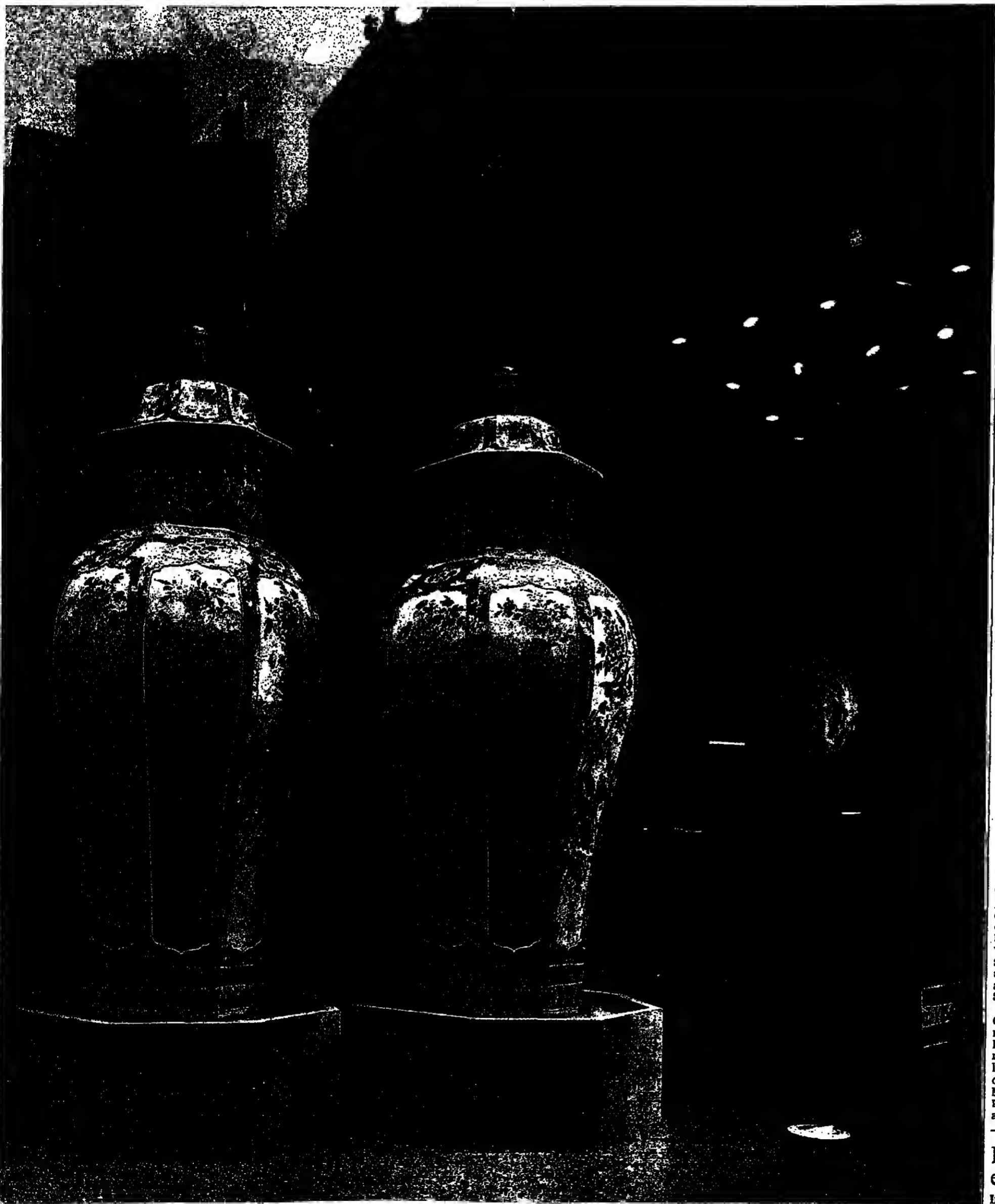
Schools in Germany, Switzerland and Holland use practical subjects such as woodwork, technical drawing and domestic science to instil basic work skills.

In England teaching of these subjects has been replaced with the technology syllabus of the national curriculum. The report says this syllabus places strong emphasis on creativity and imagination at the expense of basic skills.

Securities body sets deadline

The City of London's newest professional body, the Securities Institute, is urging potential members to beat a March 31 deadline and escape a nine-hour examination ordeal.

Membership will be much easier while the "window of opportunity" remains open. Until Wednesday former members of the Stock Exchange will be transferred automatically. After March 31 new full-members will be accepted only on passing diploma examinations. To be held twice a year, these will involve three sessions, each of three hours. The institute aims to be the main professional body for the securities industry.



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VISA

Tony Jackson talks to Sir Owen Green, the outgoing head of BTR

A dogged all-rounder



Sir Owen is unrepentant.

If the secret of management is timing, Sir Owen Green has it to perfection. Ten days ago he announced his retirement from BTR, the company he founded. He also announced that BTR's profits had passed £1bn for the first time. The share price rose to new heights, valuing BTR at £12bn. This made it Britain's seventh biggest company, handsomely ahead of Guinness, ICI and J. Sainsbury and a nose ahead of its rival conglomerate Hanson.

But BTR is in another sense deeply out of fashion. As a conglomerate, it lacks focus. On the day of Sir Owen's announcement came the news that Glaxo's chief executive had been ousted, largely because he believed - unlike his chairman - that the company's focus should be broader. A few weeks earlier, ICI's chairman had said he was finally persuaded the conglomerate concept was finished and focus was everything. ICI would therefore split itself in two.

Unsurprisingly, Sir Owen has no truck with any of this. "If you're trained in the techniques of management, you ought to be able to apply them across an unlimited area of activity. There have been disasters when organisations have outgrown their strengths and talents. But that's because their reach was further than their grasp. It's another thing to preach that being diversified is a weakness."

Then again, ICI's decision was based on more than size. The company had come to realise that the technical complexity of its operations meant no individual understood them all. No-one was properly equipped to choose between investment proposals ranging from seed breeding to chlorine manufacture.

"I suggest that's because they must specialise to too high a point in their organisation," Sir Owen says. "There ought to be a level at which special knowledge can be translated into more general terms. If it can't, I don't know what a board of directors is for. I'd reject the view that a business could ever be so technically specialised that an informed decision could not be made by a trained management."

The key to BTR, says Sir Owen, is not focus but continuity: moving into areas next door. "To start with, we looked for continuity in manufacturing processes, particularly in rubber. But a common feature of the market was the automobile industry, so we started making acquisitions related not to rubber but to autos. So we got into continuity of markets."

Underlying that was an absolute commitment to growth, whether organic or by acquisition. In the ecologically conscious world of the late 1990s, this might seem unfashionable as well.

"The human condition seeks to better itself, whether materially or intellectually. And the most exciting period of life is one's teens. During those years, tremendous things are happening physiologically. If you can somehow capture that excitement and freshness in an organisation, you've got something. That's what I mean by growth. It isn't acquisitiveness, or size, or being in the top 10 in the beauty parade. It's the vivacity it gives to life in the company."

But must not a company eventually age, like the human organism? "The fact is we have continued to grow. In percentage terms it's been

declining, but it's still there. There must come a time when you can't acquire and you become unmanageable, but I don't know when. I don't think it would come through internal limitations. Internally, our system of management - decentralisation held together by financial control - is capable of any amount of expansion."

There is another heresy behind this. Governments in the developed world, from Tokyo to Brussels, agonise over the growth industries of the future, such as information technology and biotechnology. Sir Owen is happy to be in none of them. "We're hewers of wood and drawers of water. It isn't the nature

of any of our businesses to take a very long view technologically. I can't see anywhere where pure research funded by us would benefit either us or society."

Surely this risks being left behind in a changing world? Not if you pick your areas, says Sir Owen. "In 10 years' time, an automobile will still have wheels and suspension. In packaging, the concept of wrapping things up will still be there, whether you're talking about paper or boxes or cartons or bottles. Or take the creation of electrical energy. It's been going for 150 years, and it's probably good for another 150. Or take valves. As long as you're going to conduct fluids, you're going to need valves. You get steady improvements in ways of shutting things off and turning them on, but nothing particularly revolutionary."

Pursuing his view of the world in 10 years' time, where does he think the UK will stand as a manufacturing base? "If Europe maintains a commonality of markets, I think the UK could be more important as a manufacturing centre than it is today. That's provided we don't tie ourselves to a fixed monetary system, or commit ourselves to the Social Chapter."

"If I compare the productivity of our German operations with our British ones, I don't detect the advantage Germany's said to have. When you come to actual cost, clearly the UK has the advantage. And we still have the skills. I see no reason for us to try to force through a greater concentration on engineering, though it would be nice if we could re-establish the regard for technologists we had in the 19th century."

There is a final, classic question to ask an eminent industrialist on his retirement. What advice would he give to an aspiring young UK manufacturer today?

"You have to have a product. What you should then do, more than has been done in a good many years, is get around the world. My impression is that the large economies are more willing to buy from any source than they used to be. In the US, for example, there are tremendous opportunities for anyone who has a product. For the UK manufacturer, the important thing is that the world is your oyster. Your total capacity is tiny in relation to the available market."

And could he suggest a product? "No, I couldn't. Wisdom and sagacity are things you only get with age, so their application has drawbacks. You're bound to be constrained by your own experience of setbacks. You'd fail to recognise the vital, energising stream of possibilities that young people can see. Wisdom and sagacity would rule out half of them."

A group of employees dabbles on the foreign exchange futures market, betting on a rise in the dollar. The dollar then falls and they cover their tracks. Four years later they are discovered sitting on an unrealised loss of \$1bn (£700m).

The story sounds improbable. Yet it can happen to the most blue-chip of companies, as Shell found out when its Japanese associate, Showa Shell, disclosed such a loss last month.

It is not just unauthorised dealings that can land companies in trouble. George Wimpey, the housebuilder, last week announced a £25m provision against the cost of unwinding interest rate futures contracts. About five years ago, the builder had bet on interest rates remaining high; the subsequent fall in rates has made it cancel its bet at a heavy cost.

The scale of potential damage a treasury department can inflict on the profit line has made top management take notice. Big shareholders are taking an increasing interest too. They are not just worried about the scope for losses when controls break down - as was the case at Showa Shell - but about losses when companies take a view and get it wrong.

The Association of Corporate Treasurers has recently published a booklet of awkward questions that investors and analysts can put to companies to understand their exposure.

Pressure from shareholders, coupled with the growing list of corporate horror stories, is encouraging companies to build a structure of controls around their treasury departments. "In the past, boards used to let the treasurer get on with it. They used to look at the treasury as a black box, yet now more companies are introducing policies and procedures," says Nick Ross, partner of accountant Touche Ross.

The first step is for the board to come out with a clear set of rules. "Companies must ask themselves what level of risk they are happy with," says Gerald Leahy, head of the Association of Corporate Treasurers. They should then issue a policy statement approved by the main board, making it clear to what extent the company hedges against movements in interest and exchange rates.

The statement should lay down the objectives of the treasury department and provide lists of dealing limits in each sort of instrument, saying who can deal and in what amount.

This sort of exercise seems to have focused the minds of companies and made them increasingly

Tighter rein on the treasury

Even blue-chip companies have suffered, says Lucy Kellaway



wary of taking any unnecessary risks.

"We never expose ourselves to unlimited risks, we always know what the downside is. If I want to do anything fancy, I need to get approval for it. But usually, I just stick to plain vanilla," says the treasurer of an FT-SE 100 company.

Only about 7 per cent of big companies run their treasury as a profit centre, and some companies are abolishing their central treasuries, passing the duties down the line to the operational level, where all exposures are mechanically covered as they arise.

The whizzy financial deals that companies happily engaged in during the 1980s are becoming less common. "We are saying to directors: 'If you don't understand it, say no,'" says Leahy.

A policy statement alone is not going to ensure that things run smoothly in the treasury. It is almost impossible to prevent someone from doing an unauthorised deal, but companies can at least ensure that such trades are quickly spotted.

To this end, the person who does

the trade should not be the same as the one who confirms it, nor the one that settles it. However, this rudimentary control is not followed by a large number of companies: according to Touche Ross, many of the top 250 UK companies do not separate their activities in this way.

Companies should then set up accounting systems to measure how well the treasury department is doing and keep senior management abreast of what is going on. They should also issue to someone outside the department a regular report of all transactions.

Once again, companies do not seem to be following best practice. According to Touche Ross, almost half do not revalue their positions regularly, which means that they may be sitting on losses or profits without being aware of it.

However, these sort of controls are not likely to work unless the culture of the company discourages taking unacceptable risks.

Tate & Lyle, the sugar company, has gone to some lengths to ensure that it is not in the interests of its 14-person treasury team to do anything untoward. Its incentives are structured so that there are no individual bonuses; and although the department as a whole may get a bonus, this is only loosely tied to its trading performance.

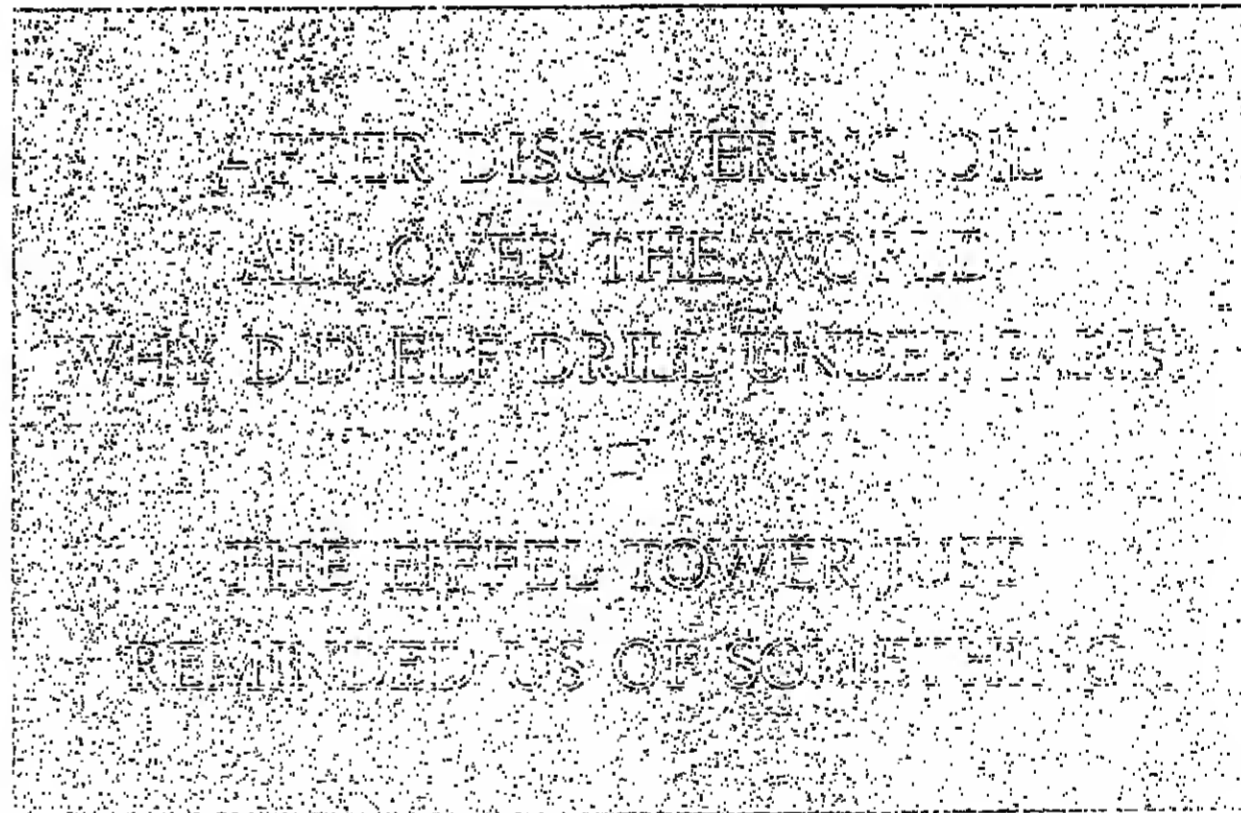
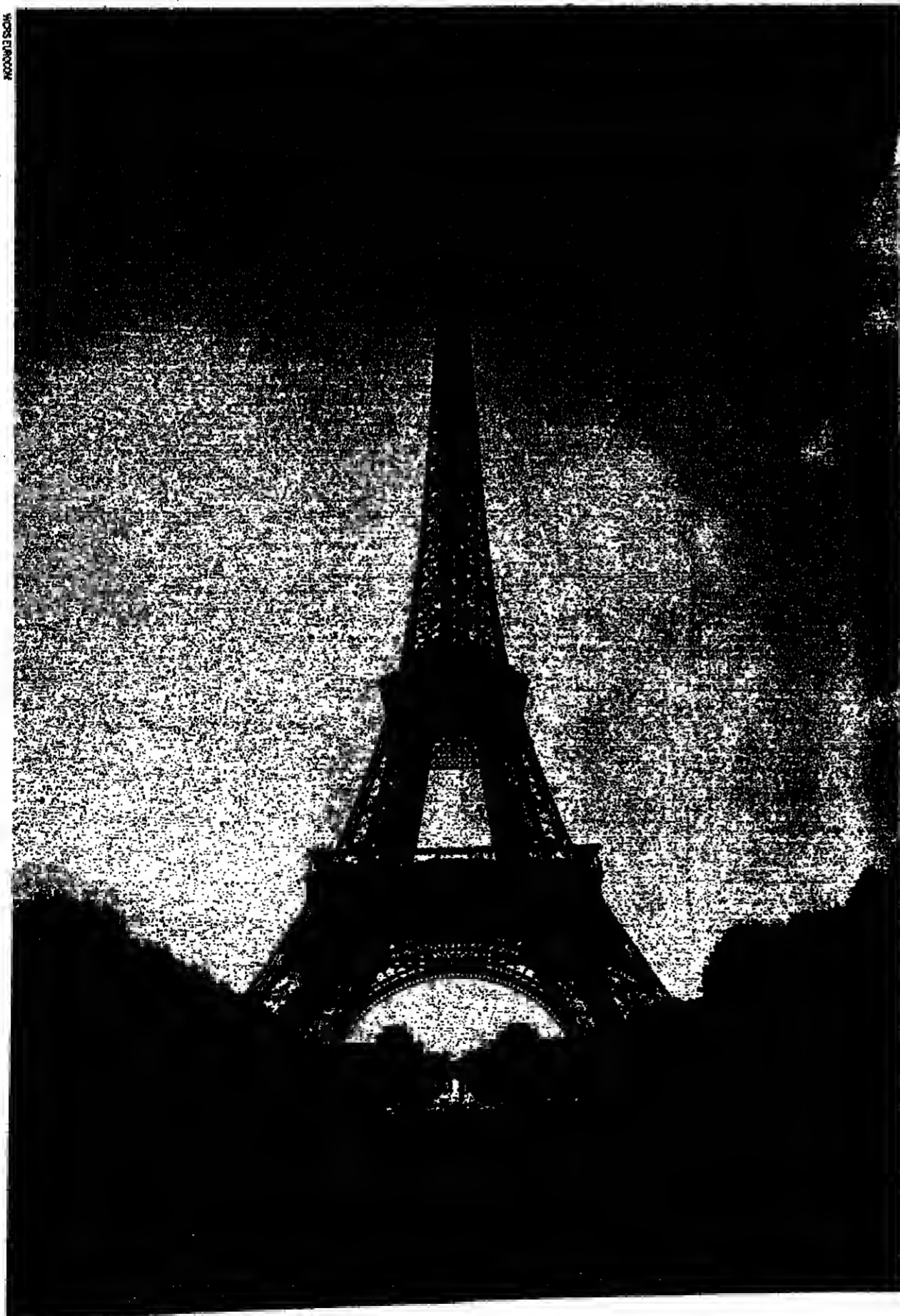
The company claims the virtue of intellectual honesty is drummed into its traders, all of whom are trained in-house. Furthermore, all employees are encouraged to confess immediately if they make a mistake.

Technology is also helping companies introduce better controls. At Tate & Lyle, all telephone calls to the banks are recorded - a system that a few years ago would have cost some £30,000, but now can be had for a sixth of the price. Similarly, advances in computer technology are making it possible to revalue trading positions more frequently, so that the management of big companies will constantly be able to know where they stand at the touch of a button.

Naturally, the systems appropriate to a big trading company are not necessary in a little company with a treasury of one person, yet the principles are the same.

Controls are all very well, but there is a danger that companies can get fixated on the controls, rather than watch the intrinsic risks of what they are doing.

Says Leahy: "Auditors are putting more and more controls in, so that companies can kid themselves that with so many controls all is OK. But management have to think what sort of business they are in, and stick to their last."



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elf

OUR DEDICATION GOES FURTHER

Gothic preserved

Colin Amery states the case for sympathetic building and restoration

It often seems to me that architecture is something taken much too seriously. Styles are taken and battle lines are drawn in a fashion that often looks ridiculous to anyone outside the profession. Do you really care whether or not a design is modern, post-modern, gothic or classical? What matters is whether or not the design is good. One of the subjects that currently arouses ire and passion in equal doses in the breasts of architects is the future of the damaged wing of Windsor Castle.

That esteemed organ, *Country Life*, which now seems to be all set under its new editorial team to become the journal of imagination when it comes to architectural and environmental issues, has just launched an important international competition for designs for the rebuilding of the fire-damaged areas of Windsor Castle. The reason for mentioning this in this column is principally because it is open to anyone - artists, interior designers, and anyone else who feels qualified to comment. This sounds a brilliant idea because there are many of us who have maintained for a long time that architects do not necessarily have the monopoly of architectural ideas.

The other reason why the Windsor competition could be very important (although impossible to judge) is that it may concentrate minds on the debate about the appropriate way to treat historic buildings. The only problem with this competition is the nature of the jury. For some reason, presumably to excite international interest, *Country Life* seems to have lost its traditional nerve and gone for trendy names on

its jury - as well as some dead-beat modernists who are known to be deeply prejudiced against history itself. But far be it from a mere architecture critic to put anyone off entering a competition because of the composition of the jury. After all, this competition does deal with a fascinating and important architectural problem. The key thing to remember is that it is open to anyone.

The competition brief is available from *Country Life*, Windsor Castle Competition, Windfield, Windsor, Berkshire, SL4 2EH. Telephone: 0344 890080. There is an entry fee of £10 and a very modest prize of £1000. The closing date is June 10.

The Architecture Foundation is another group that has been to get on the Windsor Castle bandwagon. It has commissioned several practicing architects, mainly but not entirely of a modernist persuasion, to come up with a new design for the interior of the damaged St. George's Hall. These will be exhibited shortly at the Architecture Foundation and published in a forthcoming book about Windsor Castle by Dr Mark Girouard.

When it comes to architectural tradition, there always has been a comparatively unmixing group of architects and craftsmen in England quietly working away building and designing things that are usually ignored by the architectural press. What these unsung heroes generally achieve is very happy clients and plenty of work. They are free of the vagaries of fashion and mercifully outside the intense and often meaningless international debate. One of these architects is Roderick Grad-

idge, who has recently completed an ingenious scheme for St. Edmund's College, Cambridge.

The college is situated on Mount Pleasant - the part of Cambridge that marks the commencement of the line of new colleges that proceed to the west of the city. It was founded as St. Edmund's House by the 15th Duke of Norfolk in 1886 as a residence for Roman Catholic clergy studying for degrees. Since 1955 the college has been an approved graduate college and now has some 150 students from 30 countries. The early gabled red brick, turn of the century buildings are without any particular distinction and to unify and extend them was a not inconsiderable challenge for the architect. For a long time Gradidge has taken a pioneering interest in the history of Edwardian architecture - his work at the National Portrait Gallery in London and his more recent restoration of the Guildhall at Northampton shows a knowledgeable enthusiasm for Edwardian and Gothic interiors.

At Cambridge Gradidge had little opportunity to provide decorative interiors. Instead he has designed a striking brick tower some six storeys high to mark the entrance to the college. At the top of this tower is the Okinga Room, named after the benefactor (Dr S. Okinga the President of Teikyo University, Japan). This is the highest room in Cambridge and has remarkable views over the whole city. The style of the tower has been described by the architect as "streamlined Tudor". It is built of buff brick with a slate roof and has some well carved heraldry in the brickwork (by



Roderick Gradidge's striking brick tower for St Edmund's College, Cambridge

Richard Kindersley). The tower has succeeded in centering the plan of the college, giving it a prominent entrance and literally raising its profile in Cambridge. Gradidge worked throughout the scheme with the Charter Partnership.

Shades of Tudor and Gothic revivals are clearly in the air with attention focused on the fate of the unrepaired Albert Memorial in London's Kensington Gardens, which is now a neglected victim of government parsimony. There is an

argument for putting Albert into a glass case but a public appeal for funds looks more likely. That will be a real test of the national enthusiasm for the Gothic - and the recent news that passengers from the Channel Tunnel trains are now going to arrive at St. Pancras gives Railway Gothic a sudden international dimension.

I would like to see architect Michael Hopkins put in charge of the replanning of the station, as he has the rare skill of understanding and adding to the past without any hint of

nostalgia or pastiche. He would also provide ample evidence to our visitors from Europe that although we love the Gothic we are not totally smothered by Gothic gloom. Next year's exhibition at the Victoria and Albert Museum devoted to the life and work of Pugin will show once and for all how Gothic architecture and design can marry structural ingenuity with colour and decoration in a way that many contemporary architects still find difficult to contemplate, let alone achieve.

D'Oyly Carte/Arthur Jacobs

Orpheus in the Underworld

THE D'Oyly Carte Opera Company's cross-channel leap from Gilbert and Sullivan to Offenbach has been sympathetically awaited. *Orpheus in the Underworld* is announced as a first step in a broadening of the company's repertoire of light opera. It comes as a co-production with Opera North, sharing the same designer (Tim Hatley) and director (Martin Duncan) but with D'Oyly Carte's own musical director, the capable John Owen Edwards, and with a cast largely overlapping with that of the companion-piece for the current national tour, *The Pirates of Penzance*.

To complain of timidity in the choice, on the ground that *Orpheus in the Underworld* is the most familiar of the dozens of works in Offenbach's output, is probably to miss the point. The essential musical size of this score plus the ready opportunity for gaudy the gods of Olympus mean that the piece can hardly fail. The same assurance can be given with the D'Oyly Carte version, even though it is really *Orpheus in the Underworld*. It is not merely a matter of scenery and effects, with tatty, ill-fitting costumes; its poverty is also the poverty of imagination. The staging manages to be both congested and over-symmetrical; although the music is good, it is not as good as dancing.

David Fieldsend zombies through the role of Orpheus, his persistently funky miming of the solo violin part hardly

credible in a music-based company. His spoken lines are delivered in a nondescript northern accent (why do directors suppose, as Ken Russell did with the RNO's *Princess Ida*, that regional dialect is funny in itself, however unconvincing?). At Birmingham last Thursday, most of the characters seemed not so much to be playing their roles as playing at them - the outstanding exceptions being Barry Patterson, a tall, dashing devil of a Pluto; Gareth Jones, with just the right pathetic and comic touch as Pluto's servant, John Styx; and Jill Pert, whose self-righteous but nimble-footed incarnation as Public Opinion would have done honour to Patricia Routledge.

Moving down from Mount Olympus to Pluto's domains, the second act showed some improvement. Mutual sparks began to fly between the pretty, sweet-voiced Eurycle of Mary Hegarty and the rather dry-toned Jupiter of Alan Watt. Here the smart new translation by Jeremy Sams was to be relied, though I maintain that Geoffrey Dunn's former translation was smarter still. Finally, of course, the *can-can* - or rather *can't-can*. If the expectation of Parisian flavour would have been unreasonable, some comparable inventiveness was needed. But things just bumped along - a verdict which has to be applied to too much of this shortish evening.

Alexandra Theatre, Birmingham

Opera in Berlin/Andrew Clark

Fabbricini's Tosca

The soprano who brought *La traviata* back to Milan three years ago after a generation's gap was Tiziana Fabbricini, a petite Italian discovered and nurtured by Alexander Muti. Since that triumph, far from flying round the world on Muti's coat-tails, we have heard very little of her - unlike her Alfredo, Roberto Alagna, who made a much-improved Covent Garden debut last season. In the past two months, however, Fabbricini has finally begun to spread her wings, allowing audiences in Berlin and New York to hear her Violette.

The Deutsche Staatsoper in east Berlin also engaged her to sing Tosca, which gave her the chance to prove she is more than a one-role singer. There must have been many like myself who questioned whether Puccini's doughty heroine was the right step forward. In the event, the doubts were swept aside. Fabbricini is the opposite of the Valkyrie breed of Tosca currently prevalent - fragile and feminine, young enough to be naive and impulsive, subtle in her body language instead of relying on Verona-size brush-strokes. She may miss the glamorous *hauteur* of the prima donna, but she has an authentic stage personality, dramatic and vulnerable. And the way she allows jealousy, romantic passion and anger to flare in quick succession underlines that Tosca is a woman with Latin blood coursing through her veins.

The more refined Italian instincts are to be found in her natural projection of words,

grace notes and melodic line. She produces remarkable volume for such a small frame, but never volume for the sake of it. The voice itself is very much a matter of taste, which is why Fabbricini is unlikely to make a big recording career. You have to see her to appreciate her. The timbre is not conventionally beautiful. When not in full flood it has a brittle quality that can sound dangerously close to parlance. Yet even in such moments she communicates genuine emotion.

Her Cavaradossi was another up-and-coming singer who has yet to make an impact in London - the Latvian tenor Sergey Larin. As betis someone who has already sung Don Carlo at La Scala, he shows good vocal manners, bringing a handsomeness, even risk to the aria. He also looks presentable, despite some unimaginative acting. Sherrill Milnes, one of his increasingly rare visits to Europe, brought a sense of patrician menace to Scarpia, one of his best-known parts - though the vocal colour is beginning to fade.

With three such well-matched principals, *Tosca* recaptures some of the magic of our first encounter with it. The Staatsoper staging, first produced in German in 1978, provided a glimpse of pre-Brexit days - simple and serviceable, with strong comprimario singing. The conductor, Eugene Kohn, was about two bars behind everyone else, but the Staatsoper (on automatic pilot) played well.

David Murray on an impressive performance by the young Russian pianist and Grand Prizewinner of the Santander competition

Eldar Nebolsin's encores redeem a lost hour

All unaware, I reached the Wigmore Hall on Friday evening just in time for the interval, my newly repaired watch had somehow mislaid an hour during the afternoon. It was frustrating to hear such excited reports of what young Nebolsin had been doing with Liszt's "Dante" Sonata, and with Beethoven's op. 31 no. 3. Fortunately, there was enough music in the second half of his programme to stretch him again: the excited reports proved to be entirely in order, and I was sorry still to have missed his "Dante".

Nebolsin was born in 1974, like the prodigious Siberian violinist Maxim Vengerov, and in a still more exotic corner of Russia, Tashkent, where he pursued his studies until only a year and a half ago. He works now with the teacher Dimitri Bashkurov in Madrid, and last year he was Grand Prizewinner at the Santander competition. The continuing westward stream of precocious Russian artists, whose difficult times at home are driving them abroad, must be discouraging for their Western coevals.

How do these "provincial" Russian music-schools contrive at once to polish their budding solo performers to a dazzling virtuoso gloss, to instil in them a firm respect for period manners, and yet to leave their communicative energy and imagination untrammelled? European conservatoires hardly ever manage that: with their products, between lusty individual attack and revealing musicalship it's usually one or the other.

Still a somewhat gangly adolescent, Nebolsin springs at the piano like an instinctive perform-

ing animal. His technique is brilliantly articulated, with a bias toward the feral pounce and sharp clang of Horowitz's style. Everything he does is alight with feeling. Here, in Chopin's B minor Sonata, the Scherzo and Finale glittered to urgent purpose; the languorous, visionary byways of the opening movement weren't indulged (Nebolsin's range doesn't run so far yet), but given crisp up-tempo treatment as moments within the overall form.

All of it was bracing to hear, electric with conviction. In a couple of the Chopin Mazurkas, he captured just the second-beat-in-the-bar mazurka-lift that we missed last week in Marc Ladore's. (For want of it, as I wrote then, his came rather near to sounding like French waltzes.)

In Sofia Gubaidulina's 1962 *Chacon*, forming her first bold "serial" exercise, Nebolsin's address was forceful, lean and linear where two weeks ago Andreas Haefliger had conjured up warm, suggestive hazes from the residual hints of tonality.

For encores it was no surprise that the young Russian should choose extrovert, heart-on-sleeve Rakhamaninov; nor that he should deliver it with such resounding fervour. Some scatterings of wrong notes were forgivable and forgettable; with Nebolsin they amounted to mere flecks upon a palpably vital current.

Wigmore Hall, London; presented by the Isaac Albéniz ACT Foundation, with sponsorship by Morgan Stanley

London premieres of Saxton's Cello Concerto and Dillon's Introitus/Andrew Clements

Britten Festival begins and ends with innovation

The London Symphony Orchestra's Britten Festival began four weeks ago with a new work commissioned from Colin Matthews; its final orchestral concert, conducted by Oliver Knussen at the Barbican on Thursday, included a second premiere, from Robert Saxton.

Saxton's new Cello Concerto was written expressly for Mstislav Rostropovich, and its proportions are imposing: it plays continuously for more than 30 minutes and it sets the solo cello against an orchestra that includes triple brass and a hefty battery of percussion.

The music moves out from a lengthy orchestral introduction, a "structural upbeats" in Saxton's terms, through carefully delineated sections which include a reflective slow movement and a dance-like scherzo back to the quiet ruminations with which it opened.

The progression from darkness to clarity and back again is typical of Saxton; he refers to the concerto as being "programmatic" in an abstract way, and certainly the very ending has almost a theatrical tension, as the cello line is left hanging with only a bass pedal to support it. Otherwise, though, the concerto is dogged rather than dramatic and it is difficult not to feel that Saxton has missed a precious opportunity.

There are few more committed musical advocates than Rostropovich, whatever the cause, yet Saxton set him a thankless task: too much of the concerto condemns the soloist to busy figuration, as the thematic material is put routinely through its paces.

The ideas are never vivid enough, nor the interplay between the cello and the orchestra

sufficiently striking, what could have a luminous, intense work, given the auspicious circumstances, turned out to be a grey, undistinguished one.

James Dillon's *Introitus*, introduced to Britain at St Giles, Cripplegate on Friday by Music Projects/London under Richard Berris, scarcely set the pulse racing any faster. It is the latest instalment of the *Nine Rivers* cycle which has preoccupied Dillon since 1982, and by a long way the most ambitious to date.

Planned as the eighth segment in the finished sequence (with the third, fifth and ninth still to be completed), *Introitus* was first performed at IRCAM in Paris three years ago; an ensemble of 12 strings is embedded in a web of computer-generated taped sound and electronic transformations which envelops both listeners and performers, creating what Dillon hopes is "a tidal delirium opened up by the employment of computer technology".

The programme note painstakingly details the sources of the tape (from the string instruments themselves to the sound of decades and the periodicity of pulsars) and the digital techniques that were applied to them.

For the most part, however, the sound is homogenised into a continuum through which the instrumental sounds, live and treated, only emerge vaguely.

The total effect is generally far too amorphous; the telling moments towards the end of the 30-minute piece, appearing almost anecdotal in this context, arrive too late to lift what comes across as a forbidding and unrewarding experience.

Metropolitan Theatre's new production of *Fiddler on the Roof* (Anastasia), opening on Fri (2005 4177). Berlin's Ensemble has a final week of Ralf Hochhuth's controversial 1982 play *Weissen in Weimar*. (282 3160). Schiller Theatre's repertoire includes Klaus Pohl's topical play about German xenophobia, *Die schone Fremde* (312 6505). Theater des Westens has Cole Porter's musical *Anything Goes*, daily except Mon. (3160 3163).

PARIS

OPERA/DANCE
Opera Bastille Tonight, Thurs, next Mon and Wed: Myung-whun Chung conducts Denis Krief's new production of Benvenuto Cellini, with Chris Merritt and Diana Montague.
Tomorrow and Fri: Julius Rudel conducts Jorge Lavelli's production of Faust, with Francisco Araiza, Barag Tumanian and Nelly Miricioiu.
Sat: Samuel Ramey song recital (4001 1818).
Palais Garnier Tomorrow, Fri, next Tues: Peter Schneider conducts final performances of Johannes Schaefer's production of *Capriccio*, with Felicity Lott, and also starring Ann Howell, Theo Adam and Wolfgang Schoene.
Thurs, Sat, Sun: Ecole du Ballet de l'Opera de Paris (4742 5371).
Opera Comique Tomorrow, Wed, Thurs: Mireille, with Michele Command and Maryse Castets alternating in title role.

Chatelet International jazz piano week: Kenny Barron Trio tonight, Ahmad Jamal Tomorrow, Manuel Roichman Trio on Wed, Lou Levy Duo on Sun.
Performances begin at 21.00 at Chatelet Auditorium (4026 2840).
Bastille Studio March 28 and April 2 at 18.30: Patricia Caratini hosts the latest in the Bastille's Carle Blanche series, in which a jazz musician devises a programme with guest artists of his choice (4001 1616).

NEW YORK

THEATRE
Putting It Together: a celebration of Stephen Sondheim's music, with Julie Andrews (Manhattan Theatre Club at City Center, 131 West 58th St, 581 1212).
The Goodbye Girl: Bernadette Peters and Martin Short star in a new musical based on Neil Simon's 1977 film (Marquis, Broadway at 45th St, 307 4100).
Oleanna: David Mamet's powerful drama that stirs up ideological (Orpheum, 126 Second Ave at 8th St, 307 4100).
The Sisters Rosensweig: Wendy Wasserstein's new play, a comedy with serious undertones, about the reunion of three American Jewish sisters in London (Ethel Barrymore, 243 West 47th St, 239 6200).

OPERA/DANCE
Metropolitan Opera Tonight and Fri: La traviata with Tiziana Fabbricini and Neil Rosenshein. Tomorrow and Sat: Elijah Moshinsky's new production of

Ariadne auf Naxos, with Jessye Norman, Susanne Mentzer and Thomas Moser.
West: James Levine conducts Das Rheingold with James Morris and Edwidge Macchia.
Thurs: Cavendish with Domingo.
Next Mon: Lucia di Lammermoor with Sumi Jo and Alfredo Kraus (362 6000).
State Theatre Dance Theatre of Harlem, daily till Sun with repertoire including Smail's Songs of Mahler, Alley's The River and a revival of Creole Giselle (870 5570).
Julliard Opera Center Thurs, Fri, Sat, Sun: Britten's The Rape of Lucretia (789 7406).

CONCERTS
Carnegie Hall Tonight: Jesus Lopez-Cobos conducts Cincinnati Symphony Orchestra in works by Shostakovich, Bartok and Sibelius, with violin soloist Viktoria Mullova.
Tomorrow: Cincinnati Pops.
Fri: Brodsky Quartet.
Sat: Maurizio Pollini piano recital.
Sun: gala with comedian Bill Cosby (247 7800).
Avery Fisher Hall Sun afternoon: Brandenburg Ensemble plays works by Vivaldi, Mozart and Haydn.
Sun evening: Gidon Kremer, accompanied by Oleg Maisenberg, plays works by Dvorak, Bartok, Liszt and Irving Schuster (875 5030).
Sun at Alice Tully Hall: Rance Flemming song recital (875 5050).

JAZZ/CABARET
Blue Note Tomorrow and until Sun: Cleo Laine and John Dankworth. Next week: Maynard Ferguson. Showtimes are 21.00 and 23.30. Dining (131 West 3rd St, 475 8592).

European Cable and Satellite Business TV

(All times are Central European Time)
MONDAY TO THURSDAY
Super Channel: European Business Today 0730; 2230
Monday Super Channel: West of Moscow 1230.
Super Channel: Financial Times Reports 0630
Wednesday Super Channel: Financial Times Reports 2130
Thursday Sky News: Financial Times Reports 2030; 0130
Friday Super Channel: European Business Today 0730; 2230
Sky News: Financial Times Reports 0530
Saturday Super Channel: Financial Times Reports 0630
Sky News: West of Moscow 1130; 2230
Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030
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Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.



BERLIN

OPERA/DANCE
Studio Babelsberg Daily from tomorrow till Sat: Impressions de Pelléas, Peter Brook's Debussy adaptation (Berliner Festspiele 254890).
Deutsche Oper Tomorrow: Gounod's Faust.
Thurs: Madama Butterfly with Helen Field.
Fri: Il trovatore.
Sat: Der fliegende Holländer with Luana De Vil and Oskar Hillebrandt.
Sun: Valéry Pano's production of Prokofiev's ballet *Gloria*.
March 31: Agnes Baltsa and Neil Shicoff head the cast in revival of Carmen (341 0249).
Staatsoper unter den Linden.
Tomorrow and Sat: Die Zauberflöte.
Wed and Thurs: Patricia Bart's production of *Mirakel* ballet Don Quixote.
Fri: Aldo with Maria Zampieri and Giorgio Zancanaro.
Sun: Daniel Barenboim conducts Maurice Béjart's new ballet double bill.
April 2: first night of new production

of I Capuleti et i Montecchi (200 4762).
CONCERTS
Schauspielhaus Tonight: Günter Wand conducts Berlin Radio Symphony Orchestra in symphonies by Schubert and Bruckner.
Tomorrow: Neue Camerata Berlin in works by Boulanger, Chabrier and Roussel.
Wed: members of orchestra of the Deutsche Oper play French 20th century chamber music.
Thurs, Fri, Sat: Jiri Kout conducts Berlin Symphony Orchestra in works by Mozart and Bruckner, with violin soloist Sergei Stadler.
Sat in Kammermusiksaal: Howard Shelley piano recital.
Sun and next Mon: Heinz Rögner conducts Berlin Radio Orchestra in Mahler's Seventh Symphony.
Next Mon in Kammermusiksaal: Kathleen Battle (2030 2156).
Philharmonie Tonight: Alois Koch conducts Choir of St Hedwig Cathedral in Frank Martin's *Golgotha*.
Tomorrow, Wed, Thurs: Pierre Boulez conducts Berlin Philharmonic Orchestra in works by Stravinsky, Webern, Debussy and Ravel.
Fri: Kurt Masur conducts New York Philharmonic Orchestra in works by Barber, Sheng and Dvorak.
Sun and next Mon: Hiroshi Wakasugi conducts Berlin Radio Symphony Orchestra in Messiaen's *Tuanga* Symphony. (2548 8232).

THEATRE

Alfred Kirchner directs Peter Turrini's new play *Alpenglöhen* at Schlosspark Theater, first night on Sun. (793 1515).
Hans Recknagel is Teyve in

Crosstown traffic

Richard Tomkins on financing a London rail link

At last, the chancellor has given the go-ahead for central London's biggest public transport project since the opening of the Victoria Line in 1968. From around the turn of the century, people travelling on suburban trains into British Rail's Paddington and Liverpool Street termini will no longer have to change to the Underground to reach the West End and the City: they will stay on their trains and be carried through to their destinations on CrossRail, a new rail link underneath the capital.

Or will they? More precisely, what the chancellor actually announced in his Budget speech was that the government was to seek ways of attracting private finance into the £2.2bn project, rather than building it with public sector money as originally planned.

On the face of it, the idea has some appeal. It is sometimes forgotten that virtually the whole of London's Underground railway, bar the Victoria Line and a few extensions, was created by the private sector. A substantial part of it was built by Charles Tyson Yerkes, a convicted embezzler from Chicago, who doubled the size of the network with three new lines between 1905 and 1907 and profited handsomely as a result.

The case for building CrossRail is that, like many other big cities, London suffers from having its railway termini

on the outskirts of the central area. The result is that about 200,000 rail commuters a day have to switch from main line trains to the Underground to get to where they want to go, putting heavy strains on the system. The problem has worsened with the outward migration of London's population.

One solution is to join the railway lines on one side of the city with those on the opposite side, so allowing trains to run right through the centre. London has already done this in a small way with the Thameslink service, which uses limited capacity on an old cross-city route to take some suburban trains through the capital on a north-south axis.

The main obstacle to building new cross-city lines is their cost. Invariably, they have to go underground, and costs are further increased because the tunnels and subterranean stations have to be big enough to take main line trains.

So how were Yerkes and his ilk able to build Underground railways at a profit? The answer is that labour was cheap in those days, and construction costs low. Costs were further minimised by digging lines just below surface level (as with the District and Metropolitan lines) or, in the case of the deep-level tubes, building very small-diameter tunnels (hence, today's cramped trains). Further, some companies made substantial property gains from the development of

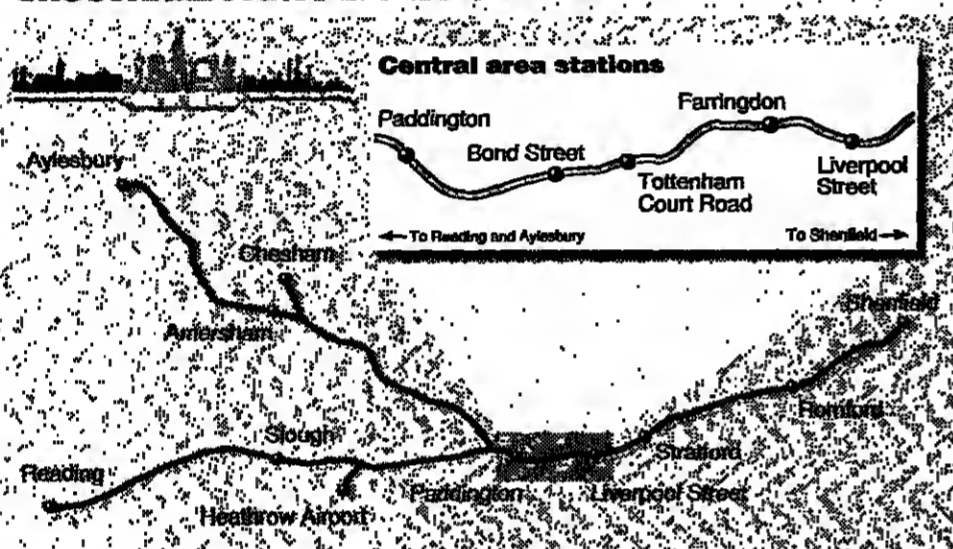
land adjacent to the surface sections of their lines. And, significantly, all were able to charge realistic fares because the absence of motor cars and buses gave them a monopoly on mechanised transport in the capital.

Things are different today. There are few opportunities for development gains in a tunnel, so the private sector would have to remunerate its investment in CrossRail almost entirely by charging train operators tolls for the use of the link.

The tolls, of course, would have to be recouped by charging passengers higher fares for going to destinations on the link than for stopping short of it. But if the price was much higher, passengers would simply disembark at Paddington or Liverpool Street as now and continue their journeys by Underground, bus or foot. So CrossRail could find it difficult to charge a toll high enough to cover its operating costs, still less make a dent in its financing and construction costs.

It hardly looks a project fit for another Yerkes. But then, perhaps nobody ever really thought it would be. The cynical view is that, whether or not the CrossRail bill is revived after Easter, the government is looking for an excuse to dump the project altogether. Paris, meanwhile, has already completed three cross-city lines, has a fourth under construction, and is planning a fifth.

CROSSRAIL: routes and main stations



Mr Mick Newmarch, chief executive of Prudential, Britain's largest insurance company, loves to tell about the time he paid a sales call on a young woman policyholder. The woman, needing to look up the details of her policy, turned to the family bible. And there, on the flyleaf, was the policy number of every Prudential life insurance product ever owned by a member of her family.

But now, the traditional relationship between customers and insurers is coming under attack from Office of Fair Trading proposals for a new disclosure regime that threatens to revolutionise the way life products are sold.

Last week, the OFT said proposals by the Securities and Investments Board, the City's chief watchdog, had "significant anti-competitive effects" and did not give prospective customers enough information to help them make wise choices among products, companies or sales agents. The SIB rules were intended to replace the current regime under which shoppers learn almost nothing about how much they pay life insurance companies when they buy a policy.

Now, the Treasury will examine the OFT report and will order the SIB to draft another set of rules for the industry if it agrees with the conclusions.

The OFT proposals will, for the first time, allow Mr Newmarch's favourite customer to find out before she buys her next policy how much is being deducted from her premium payments to cover the OFT's costs. Also, she will learn how much the policy is worth if she surrenders before maturity and, if she bought the policy through an independent financial adviser, the cash amount of commission he will earn on the sale.

The question is: will the effect of the additional information be to discourage the purchase of insurance products generally? And, will it encourage investors to seek low-cost products - or low-cost sales outlets - now that shoppers will know roughly how much each product costs?

The Association of British Insurers, the industry trade association, thinks it knows the answer, but it does not like it. It intends to lobby against the proposals, saying they will add to the industry's costs and offer few benefits to consumers.

Mr Tony Baker, ABI director of public affairs, says: "It will

OFT disclosure plans threaten to revolutionise British insurance practices, says Norma Cohen

Not on your life, say insurers

serve to put people off from buying the product. It will have an unnecessary and unfair effect on life insurance sales."

That is the nub of the running battle between regulators and the life insurance industry since the Financial Services Act went into effect in 1987.

"The FSA was really a watershed," said Mr Charles Cannon, partner at consulting actuaries Mercer Fraser. "It came as a shock to the industry that life products were even deemed investments." Mr Cannon notes that for decades, the life insurance industry had won tax breaks and a favourable regulatory regime by arguing successfully to parliament that it fulfilled a social function: that of providing for families after the death of breadwinners. The companies argued that they collected small bits of money from many people and invested the sums in British industry.

So attractive were the tax breaks on insurance products and so loose the regulation that companies piled into the business, there are more than 120 insurance companies operating in Britain. "Let's face it," said the chief executive of one major company, "these companies just opened the door and the money poured in."

In recent years, the insurance business has become exposed as regulators - and the financial press - came to grips with the heart of the business.

"It is fair to say that the more information which has become available about life insurance, the less attractive it looks," Mr Cannon said. Figures in the OFT's report, for instance, show that by the 20th year of a 25-year endowment policy, a consumer cancelling the policy will only earn 40 per cent of its final face value even though 80 per cent of the premiums have been paid.

A study last year by the SIB found that a quarter to a third of all life and pensions policies are cancelled within the first two years, a point at which most customers will receive

New individual life and pensions business

	Year ending 31/12/92	Year ending 31/12/91	Change
Annual Premiums	£m	£m	%
Assurances and annuities	1,856	1,883	-7
Personal pensions	1,117	1,114	+3
Single Premiums			
Assurances and annuities	3,186	3,395	-26
Personal pensions	5,283	5,398	-22

Endowments: Two year surrender value as % of premiums paid



Source: Association of British Insurers

only a small fraction of premiums paid as a refund.

Public pressure for regulators to tackle life insurance has become acute. "For one thing, the average consumer has become much more sophisticated about financial products," said Mr Tom Pyne, chief executive of London and Manchester Group. "Also, with so

The auction is efficient, with little opportunity for government interference

many companies in the business, pressure on sales has been acute."

For its part, the ABI blames the financial press, which has focused attention on poor early surrender values and high commissions earned by sales agents - precisely the information which will become more readily available under the regime sought by the OFT.

Until now, the life insurance industry has convinced regula-

tors that, unlike cars and refrigerators, insurance is so complicated it is impossible to tell shoppers exactly how much they will have to pay for it.

This lack of transparency in price has allowed insurance companies to pass on their rising costs to consumers with no discernible effect on sales. And rise they have, according to observers.

Mr Marshall Field, formerly a partner at actuaries Bacon and Woodrow, who prepared a report on sales commissions for Lantoro, the self-regulatory body for the life insurance industry, points out that there is no lack of competition in the industry. However, competition has been for sales outlets, not for consumers. By outbidding each other for sales agents, life companies found they could increase volumes substantially.

"The industry was not competitive in the true sense until relatively recently," said Mr Geoffrey Westall, manager of the European life practice at consulting actuaries Tillinghast and Co.

More competition under the OFT plan will bring about a restructuring of the industry and threaten life insurers in several ways. First, prospective customers will for the first time be able to compare the charges deducted from their premium payments. "It will expose the changing structure of with-profits policies," said Mr Pyne, explaining that such disclosures would inhibit the size of commissions that life insurance companies would be able to offer sales agents. Sales commission is the single biggest ingredient in the cost of a policy and very few consumers realise they are paying it.

Second, and perhaps even more significant, is the OFT proposal that banks and building societies, which are the "tied agents" of life insurers - they sell the products of one company exclusively - can charge less for the same product than other sales agents.

Mr Mike Wadsworth, partner at consulting actuaries R Watson said the new rule was certain to sharpen the competitive edge of so-called bancassurance. This is assurance sold by banks and building societies through their own branches to existing customers.

Mr Wadsworth argues that, in any case, life insurers would have had to come to grips with their distribution costs no matter what happened on the regulatory front. Competition from banks and European players eager to exploit the UK market presage a shake-out in any event. "But regulation has been the sand in the oyster. Without it, the changes would not have happened so fast or been so far reaching," he said. Already, bancassurance is a far cheaper method of selling policies than the cold-calling approach of traditional sales agents, he added. The average agent sells a single policy per week, the average bank-based sales agent sells four.

While bancassurance is currently only 12 per cent of the UK market, Mr Wadsworth estimates it will be 30 to 50 per cent by the end of the decade. Thus the OFT, whose goal is fostering competition and protecting consumers, may be the unwitting instrument of a life insurance revolution.

Banks and building societies will challenge the role of traditional insurance companies, the long-term endowment policy will become a relic and companies will be forced to cap sales agents' commissions. In the likely industry shake-out which follows, the survivors will be those who move most quickly to fit the new model.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

A lesson too frequently ignored

From Mr Jonathan Virden.

Sir, Richard Tomkins ("Fast track to efficiency", March 17) illustrates a general rule for capital projects which is often ignored. This is that it is necessary to spend about 10 per cent of the total cost of a project before the main work is done to avoid having to spend an extra 50 per cent or more to make it work, outside budget and very late.

The difficulty is that 10 per cent of the cost of a big project seems like an enormous sum to spend without visible result, and is usually cut out of the plan, especially by those who only have to pay for the project.

With hindsight, and ignoring the effects of long-term inflation, the Docklands Light Railway project would have spent \$8m to determine that the original project for \$77m would never work. Whereas \$30m would have given a good chance of making an excellent system for £300m, thus saving half of the final cost.

The lesson is that what is certain or uncertain in one culture (engineering) cannot be easily transmitted to another (finance). But the same mistakes will be made again, or will public bodies learn?

Jonathan Virden,
Court Lodge,
Yalding,
Maidstone,
Kent ME18 6EX

Omissions regarding Telegraph purchase of Southam stake

From Mr Conrad Black.

Sir, Several important facts were missing from your article on March 20 ("Purchase of Southam by The Telegraph delayed"), about the deferral of the Telegraph plc extraordinary general meeting to consider the purchase from its parent, Hollinger (which is not a private company as you reported), of half that company's interest in Southam, Canada's leading publisher.

The deferral of the meeting (likely by less than a week), will enable The Telegraph to present a supplementary circular describing the changed circumstances created by the sale of Southam treasury shares to Power Corporation of Canada. Hollinger believes this development to be wholly positive. Indeed, it could not have occurred without Hollinger's strong support.

Power Corporation will average down its cost of Southam shares drastically with this purchase. The Telegraph and Hollinger will be free to average down also, if the Southam share price does not rise too swiftly. Southam stock is now above its price on the date of Hollinger's purchase of the shares, half of which are being offered to The Telegraph, at a price about 50 per cent below where the company's shares were trading in mid-1990, and Power Corporation is paying a higher price per share than a generally distributed sale from

treasury would yield.

Most important, your article inexplicably omitted all mention of the agreement between Hollinger and Power Corporation, whose benefits The Telegraph will share, which largely vacates the so-called "poison pill" arrangements which could have curtailed Hollinger's and The Telegraph's ability to be a constructive influence at Southam. No such modifications would have been accepted by Southam without the Power Corporation investment.

Now, Hollinger and Power, long-standing corporate friends and on occasion allies, will be able effectively to assist Southam management in accelerating the profit turnaround that seems already to have begun. The agreement assures an absolute equality between Power and Hollinger and its affiliates despite any fluctuations in shareholdings. Power's investment greatly strengthens Southam at no cost to Hollinger or The Telegraph.

I know of no precedent (and I doubt whether Lex does either) for one newspaper company to be offered so strategic a shareholding in another great newspaper company with the right to sell back its shares at its cost for a year. The only downside to The Telegraph is the money required to buy the shares: less than 3 per cent, net of taxes and dividends. The

upside could be astronomical and the addition to The Telegraph's earnings, through equity accounting, should add appreciably to The Telegraph's share price.

This is a classic corporate recovery, identified by the same source, Hollinger, which discovered and made good on the Telegraph and Fairfax opportunities and which brought The Telegraph the one-year unrealised \$55m capital gain at Fairfax and the six-month \$6m gain on Trinity International shares.

It is presented to The Telegraph as another outstanding opportunity and I am confident it will be approved and will be a worthy sequel to those earlier successes. Given our expectations of being able gradually to raise our participation in Fairfax and Southam, the proposed investment will also create under The Telegraph the finest confederation, commercially and editorially, of quality newspaper titles ever assembled in one corporate affiliation.

The Telegraph's independent directors and minority shareholders will short-change themselves if they do not subscribe to this almost-risk free opportunity. In that unlikely event, Hollinger will be mystified but consolable to take the entire benefit for itself.

Conrad Black,
chairman,
Hollinger and The Telegraph

EC integration has not led to a more protectionist stance

From Mr André Sapir.

Sir, The EC is the world's largest importer and exporter of merchandise, even excluding trade among member states. It is therefore fitting that its commercial policy be subject to close scrutiny. I feel that the recent study by Prof Winters, as reported by David Marsh ("Single Market Watch: Europe turns inward", February 22), does not scrutinise adequately.

The study argues that the economic effect of EC integration has been far less positive than often argued, for two reasons. First, the EC has become increasingly protectionist. Second, the process of EC integration is inherently biased toward protectionist outcomes.

However, during the period 1980-91, domestic suppliers' share of the total of processed products consumed has steadily declined in member states (from 67 to 56 per cent), while the shares supplied by EC partners and non-EC partners have both risen (from 19 to 25 per cent and 14 to 19 per cent respectively). This reflects a lowering of the average of external protection for total processed products, rather than the alleged increase.

The opposite holds, though, for processed agricultural products. Here, the share of consumption supplied by extra-EC partners has actually declined (from 7 to 6 per cent), presumably as a result of the Common

Agricultural Policy.

The study's second allegation is that a coalition of states with a common external trade policy, like the EC, will automatically favour protectionist outcomes. Prof Winters has clearly in mind the "fiercely protectionist" CAP. Although there is no denying that levels of external protection have been high under the CAP, one cannot be sure that they would have been lower in the absence of the EC. The example of Switzerland and the Nordic countries, which protect their agriculture even more than the EC, suggests that the answer is not as evident as the author would have us believe.

My assessment of the impact

of EC integration differs substantially from that of Prof Winters. While he feels that the EC may have succumbed to the "dancer of becoming inward-looking", I see a process of regional integration having led to substantial multilateral liberalisation, beyond what could have happened without the EC. Reinforcement by the EC of its commitment towards the multilateral trade system is the best way to ensure that integration will continue to be beneficial to both the EC itself and the world at large.

André Sapir,
economic adviser,
European Commission,
Brussels

Forte Crest announce the arrival of Business Class.

Business Class has certainly taken off at Forte Crest. It covers a full range of benefits and services. In fact you won't find a better value four star hotel in the UK. Because if you're not completely satisfied, we'll pay for your next night with us. It's what we



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Monday March 22 1993

Helping Russia to decide

PRESIDENT Yeltsin could not have been clearer, in his televised address on Saturday, about the choice now facing the Russian people. In the plebiscite planned for April 25, they have to decide whether the leader they elected by a 57 per cent majority in June 1991 is to be allowed to get on with the economic and democratic reforms he then pledged to undertake, or whether they prefer to be ruled by an assembly of anti-democratic elites from the old Soviet state.

In putting the decision, and giving himself "special powers" between now and the referendum, Mr Yeltsin is taking an enormous gamble. It comes perilously late in the day, when much of his political capital has already been spent. It is also not clear if he has thought through precisely how to frame the vote or to proceed thereafter: on Saturday he vowed to seek approval for a new draft constitution and election law on top of a vote of confidence, a agenda which may prove unmanageable.

What is certain is that the Russian president has no choice but to seek a renewal of his popular mandate if he is to retain any capacity to pursue his reforms - and that the west has no option but to swallow any discomfort about the constitutional niceties and support him in the attempt. In doing so, western governments need to be aware of the dangers. They cannot afford to become so entwined with particular personalities in Russia's internal struggle that they lose their freedom of action or judgement. They cannot

ignore the possibility that power has seeped away from the centre to such an extent that neither Mr Yeltsin nor anyone else can now prevent chaos in Russia.

They can and should, however, make emphatically clear that they believe the reforms President Yeltsin symbolises to be the only path towards a peaceful and prosperous Russia in the long term; that the alternatives propounded in the Congress of People's Deputies are a recipe not for "order" but for increased disintegration and conflict; and that assuming the referendum results in the creation of a more legitimate and coherent power structure in which reforms can be pursued, a serious, concerted and highly visible programme of financial assistance will be made available.

The key words here are "in the long term". Mr Yeltsin's gamble can only pay off if it is the start of a sustained process. He cannot expect to produce a satisfactory constitutional settlement in a rush, and he cannot wait until a new constitution is in place before taking steps to make economic reform and financial stabilisation begin to work. That will almost certainly mean having to ask in the referendum for the extension of his special powers for a finite period while elections are held and deliberations completed on Russia's political future.

It is a daunting challenge. The west should do what it can to secure success, but should start thinking now about the consequences of failure.

US and Europe

IF SAVING the Russian reform process is now the most urgent issue for discussion between the US and its European allies, saving the Uruguay Round and averting a global slide into protectionism is hardly less so. Indeed, the two issues are closely connected. In the immediate crisis, a heated argument over trade issues would distract political leaders from the Russian problem and make it harder for them to agree on a plan of action. In the longer term, the west's ability to help Russia (or indeed anyone else) will be badly impaired, and the effect of any help it does give more than offset, if old and new trade barriers are allowed to impede a global recovery.

Both issues involve, or should involve, Japan as much as North America and western Europe. But the Atlantic alliance is much more firmly rooted in a shared cultural heritage, as well as being embodied in a more solid institutional framework, than the trilateral relationship - or for that matter either of the other legs of the triangle taken by itself. The Atlantic alliance was the backbone of the free world in the cold war. The west's hope for a post-cold war world order worth the name lies in its continuation, and indeed the gradual extension of its shared values and procedures, if not its specific institutions, to at least the main industrial powers of the northern hemisphere.

But continuation cannot mean simply leaving it alone, on the principle of "if it ain't broke don't

fix it". The alliance in its familiar form was a direct response to the twin challenges of Soviet military power and what President Truman called "the menace of communism as an idea, as an egalitarian, dynamic social force". Both are now dead, or at any rate so diminished that fear of them is no longer enough to hold the western democracies together. The new challenges facing Europe and North America, and the reasons why they require a joint effort, need to be clearly articulated by leaders on both sides of the Atlantic if their peoples are to make that effort. A common strategy is needed to be worked out, and the institutions of the alliance need to be adapted to the new tasks.

On the security side a start has been made, with the creation of the North Atlantic Co-operation Council (bringing NATO members together with their former adversaries), and the placing of NATO's resources at the disposal of the UN for peacekeeping, and perhaps soon for peace enforcement, duties. But much more needs to be done, above all on the political and economic side where the EC - soon, let us hope, the European Union - is the proper interlocutor of the US. Last week's meeting between President Clinton and Mr Jacques Delors showed that seemingly intractable differences can be overcome, or at least contained, when political will is applied at the highest level. The relationship needs much more sustained attention on that level if it is to flourish.

A new vocation

A CENTURY of failure in Britain's vocational training and education cannot be quickly reversed. But the next two years should show whether a key building block of the new system - National Vocational Qualifications - is helping fill the country's skills deficit or merely giving a fancy new name to existing arrangements.

If it succeeds it may owe something to the unglamorous sounding National Advisory Council for Education and Training Targets (Nacett) unveiled last week. The small committee's high-powered membership, along with the co-operation shown by rival government departments at its birth, are promising signs.

NVQs are a critical part of Nacett's remit, aimed at the system's greatest weakness, namely the large number of young people with no vocational or educational qualifications. NVQs, which are meant to rationalise a maze of vocational qualifications, are now available to more than 80 per cent of the workforce. Based on competence tests rather than written exams, they stretch from level one (semi-skilled) to level five (higher professional). They are meant to promote mobility through core transferable skills and improve comparability both between occupations and between vocational and academic achievements.

Few people argue with the NVQ principle or with national education and training targets, in particular the aim that by 1997, 80 per cent of young people should have reached NVQ level 2 or its ac-

ademic equivalent of four higher grade GCSEs. But employers have been slow to sign up their employees to NVQs, and opinions are strongly divided about the way NVQs are organised.

Critics argue that there is little sign of parity of esteem between academic and vocational qualifications and that the lack of central authority, ultimately from Whitehall, has allowed the system to be hijacked by the 126 industry bodies which have designed unacceptable company and job-specific qualifications, with little emphasis on transferable competences.

For all this, the system is reformed. Nacett's annual report will be a useful spur. One immediate aim should be to establish reliable figures about how many people have, or are working towards, NVQs - the figure of 3m quoted by the National Council for Vocational Qualifications appears to be a guess.

At the same time, the NVQ assessment system could be made less rigid and expensive. It could also be made easier for people to sub-divide NVQs by doing a core qualification and then adding more sophisticated options.

The upgrading of vocational qualifications remains in its infancy in Britain. Education reformers are familiar with the problem of seeing their work damaged by vested interests. It will take combined determination from the Education and Employment departments to overcome the difficulties. But the task is not impossible - the targets must be met.

Mr Boris Yeltsin, the embattled president of Russia, has broken out, a move which now seems to have been inevitable. Penned in by decisions of the last Congress of People's Deputies - which gave parliamentarians the right to cancel his decrees instantly and even to suspend the office of the presidency, Mr Yeltsin has taken his toll from between his legs and stung them into decreed oblivion.

He told the country on Saturday night that he had "signed a decree on special rule until the power crisis is overcome". On April 25, a "vote of confidence" in the president and General Alexander Rutskoy, his vice-president will be held throughout Russia. At the same time, another popular vote will be held on a draft constitution and a draft electoral law. If these are passed, elections for a new parliament will be held under the provisions of the new constitution and the revised law.

Mr Yeltsin also said that the structure of the new parliament would be wholly different from the present Congress of People's Deputies and its smaller permanent Supreme Soviet, but he was not specific about any changes. In the past, he has expressed a preference for a bicameral assembly.

Until the deputies are replaced, the president added, they may continue to work - but "no decisions... which aim to change or suspend commands or instructions of the president or resolutions of the government have any legal force". At the same time Mr Yeltsin has directed Mr Victor Chernomyrdin, the prime minister, to draw up a law on the private ownership of land.

In the main, Mr Yeltsin's directives are unlawful, violating numerous articles of the Russian constitution. Article 121, for example, explicitly states that the president cannot disband or suspend the parliament. Other provisions repeatedly declare that the Congress is the supreme power in the country and that it has the right to do anything it wishes.

Mr Yeltsin's actions were described as a "coup" by Mr Valery Zorkin, head of the Constitutional Court, who cut short a visit to the US at the end of last week because of the crisis. Yesterday he convened an immediate sitting of the court. Though compromised by his failure to guarantee the December agreement between Mr Yeltsin and the parliament to hold a referendum, Mr Zorkin remains the country's senior law officer, and he gives the imprimatur of his office.

However, the Russian president did not claim that his actions were constitutional. Instead Mr Yeltsin

Yeltsin at last plays his hand

John Lloyd examines the gamble taken by the Russian president in his decision to impose special rule



Russian Khasbulatov (right) opposes a vote of confidence in Mr Yeltsin (centre) and Vice-President Rutskoy

has justified them on three grounds: his election by all of the people; the threat of a reactionary movement organised by the Congress; and his support for urgent constitutional and economic reforms. Together with his commitment to continue to respect human rights, this reasoning, though clearly not quelling every qualm on the part of his foreign backers, was enough to produce declarations of firm support from the leading foreign governments for his continued leadership of reform.

Meanwhile, Mr Yeltsin told the army to stay out of the conflict between himself and the Congress. The military leadership will probably be grateful that he did not ask for their direct support. Interior troops and the security services are also unlikely to intervene, at least not overtly, for the moment.

Mr Chernomyrdin, who addressed parliament yesterday afternoon, was also supportive. "In these conditions, it is not at all easy to pull ourselves out of an economic crisis," he said. Nonetheless, the government was solidly behind the president because of the need to break out of the chaos and to "defend the constitutional order as a whole".

Yet the opposition in parliament believes that it commands the moral high ground. The president is acting unconstitutionally, it contends, and he is rushing the nation towards civil war. Indeed, one of Mr Yeltsin's longtime supporters, Mr Eduard Shevardnadze, the Georgian leader and former Soviet foreign minister, commented that the possibility of internal conflict in Russia appeared so real "that I can almost smell it".

In the main, Mr Yeltsin's directives are unconstitutional and have been described as a coup

"The worst has happened," Mr Ruslan Khasbulatov, the parliamentary speaker, told the parliament yesterday. He repeated that his belief was that the president was "in breach of the constitutional laws". He said that even though Mr Yeltsin had asked for a vote of confidence in both president and vice-president, he could not co-sign such a decree. He has thus put himself (not for the first time) in the

opposite camp.

But how have the Russian people reacted? A few thousand supporters of each side - separated by lines of police - yesterday rallied round the White House, the Russian parliament building. Hardliners supporting the Congress tried to beat up an American TV crew, and a Reuters correspondent quoted an elderly lady - carrying a portrait of Stalin - saying she was fighting against dictatorship.

Yet recent polls have suggested that public apathy is growing. Some show that as many as 70 per cent see recent political events as having no relevance whatsoever to their lives. The Russian people, as Mr Yeltsin has himself observed, are infamous for their spells of passivity broken by sudden explosions. If this pattern holds true, the polls are alarming.

Mr Yeltsin's domestic and foreign supporters - who are split on the advisability of his tactics but broadly behind him in doing something to break out of the stalemate with parliament - have two principal concerns: first, that his gamble of going to the people will be technically possible; and second, that the people should vote in large numbers. Neither can be assured.

Samuel Brittan

How to misuse the price mechanism



Samuel Brittan

A luggage trolley is one of the most useful of innovations, and, like many such, did not require sophisticated science and technology, but merely someone to think of the idea. It enables the feeblest person to transport his or her luggage without being fleeced by the red-coated "privatised" porter services to be found, for instance, at Heathrow Airport.

Alas, rarely has a good idea been put into effect for long when someone sets about spoiling it; and the bad example is copied. Imagine my chagrin when I arrived at Brussels airport a few years ago to find that a coin was required to release a trolley. Although I had small denomination Belgian notes, I did not have the coin required. The banks and newsagents were closed; and none of my fellow passengers was able or willing to provide change.

Since then the habit has spread to other airports and to railway stations. The idea seems to be to find a new deterrent to cross-border travel now that customs barriers are coming down. It never seems to dawn on the clever idiots who installed the system that banks normally supply foreign exchange in notes; and not even flight attendants carry loose change.

Yet a further horror has been invented which I first discovered at Zurich railway station. This is to make the traveller pay a somewhat larger sum - two Swiss francs as far as I remember - but to return the coins when the trolley is finally deposited at the curb or on the platform. It is extremely difficult to discover how to make the extraction, and I am usually more concerned to secure my taxi than make the effort. Similar devices have apparently been installed in some supermarkets.

The trolley charging systems look at first sight like an application of the price mechanism, but on closer



inspection turn out to be a misapplication to the point of caricature.

Other things being equal, the price of a trolley should roughly correspond to the extra ("marginal") cost to the airport or railway of providing this service, for an appropriate charge helps in the allocation of resources. With the right pricing policy, there is an incentive

for the airport or station to make available the appropriate number of trolleys - not too many or too few - and for the passenger to use them only if the advantage outweighs the cost.

The snag in the above argument is that the gains in welfare from the use of the price mechanism are heavily outweighed by the discomfort and inconvenience. If you want to be pompous you can talk about the disutility of striving too earnestly to maximise utility. There are many other examples where separate charging is not worth the bother. Hotels do not charge separately for light, heating, water, room-cleaning, and so on.

The transport authorities are simply trying to recover their costs. In that case would it not be simpler to add a small sum to the airport or station charge, which would be incorporated in the fare? The disincentive effect of the charge (as distinct from the nuisance cost of finding the coin) on the number of passengers using trolleys, must be

It is still unknown precisely what Mr Yeltsin means by a "vote" on April 25. It is presumably not to be a referendum or Mr Yeltsin would have said as much. Referendums, moreover, are absolutely ruled out by the constitution - something Mr Yeltsin has appeared to accept.

If it is an informal plebiscite, about which he has spoken often, a great deal of organisation is necessary: people need to be able to vote at polling stations, supervision is required; votes must be counted; and it must be seen to be fair. It will also take millions of roubles, and there is as yet no word on where the funds will be found.

A full-fledged referendum needs at least 50 per cent of the electorate voting before it is valid. A plebiscite would need no such thing, but the turn-out would have to be more than, say, 25 per cent before it could be taken seriously. Even such a modest level may be too much to expect in present conditions. However, supporters of this strategy say that, with a four-week campaign, and a populace roused by rhetoric and struggle, the issue may be dramatised enough to stir activity.

A final question is whether Mr Yeltsin can keep on the peaceful path he clearly wishes to tread. Can he hold out to the leading industrial companies a reasonable prospect of being a stable partner in their increasingly frenzied efforts to find some way of assisting him?

He has showed his cleverness by allowing the Congress to continue to meet and work. He has no obligation to arrest them: he can ignore (under the terms of his own decree) any resolutions which may cancel his orders; and if the Congress impeaches him, or attempts to strip him of powers, it must act - which, in the end, means it must secure the allegiance of at least part of the armed forces.

Even though this puts the ball in his opponents' court, it also represents a great danger. Each side in the confrontation, in seeking to make its power paramount, demands loyalty of one or other of the armed forces. It is not impossible - indeed, it is relatively easy - to envisage a split between forces loyal to the parliament and those loyal to the president, rather like a replay of the English civil war three centuries on. Mr Yeltsin, it was reported yesterday, has already renamed the elite Kremlin guard as the presidential guard, and put it under his direct control.

"He must have gone mad," said Mr Mikhail Gorbachev in an interview with Italy's La Stampa yesterday, *schadenfreude* getting the better of him again. Mr Yeltsin clearly has not gone mad. But he is equally weary, perhaps fearful - perhaps even losing heart. He will need every ounce of it for the struggle to come.

Retirement home feud

■ The US Supreme Court now has one lady aboard and may soon get another, but it remains a brotherhood at heart. And as in even in the most closely knit fraternities all is often not sweetness and harmony.

Take Justice Byron White's announcement on Friday that he was resigning after 31 years. The instant suspicion was that he had pre-empted one or two other justices contemplating retirement so as to lay claim to the fine suite of offices in the existing Court building vacated by the death earlier this year of former Justice Thurgood Marshall.

Retired justices are entitled to offices in the Court itself where four suites are reserved for this purpose. However Chief Justice William Rehnquist has been trying to persuade ex-justices to move down the road to the new Thurgood Marshall building in the revamped Union Station complex.

The problem is that the three living former justices - Warren Burger, Lewis Powell and William Brennan - have refused to budge from their quarters. They say they were appointed for life to "this building".

Rehnquist, a conservative, is thought to be particularly disturbed by the influence exerted by Brennan, 84, a powerful liberal

intellectual, over Justice David Souter, appointed by President Bush to fly the conservative flag but proving to be distinctly moderate in many of his judgments.

Justice White has said he would "likely" move to the new quarters. But this is exactly what Brennan, who has a great sense of mischief, said he would do when the Chief Justice first mooted the idea and Messrs White and Brennan are great friends, though not ideological soulmates.

If he does go, then it is a fair bet that Harry Blackmun or John Paul Stevens, the liberal pair reckoned the next likely to retire, will not be so accommodating. Rehnquist may end up having to move to Union Station himself in order to distance himself from his liberal ex-brethren.

Lost tribe returns

■ Why should the Conservative members of the European Parliament give up their offices on the third floor of the European Parliament's London outpost in Queen Anne's Gate and move into the Tory party's Smith Square headquarters?

The official line is that it is all to do with winning next year's European elections. "We want to have an integrated election fighting machine," says Tim Collins, the Tory party's exceptionally young director of communications.

Maybe so. But the suspicion

OBSERVER



There's jobs galore down at the P45 factory

remains that the party's forgotten tribe of MEPs has been ordered in to the expensively refurbished Tory party HQ to help reduce the overheads. Unlike, Queen Anne's Gate, the Smith Square accommodation will not be provided rent free.

Fortunately, the financing of the Conservatives in Europe is on a much sounder footing than that of the Conservatives in Britain.

Fare recompense

■ It's not only the big shots who have been brought to book by Japan's anti-crime drive. Brief fame has just been won by a run of the

mill commuter, identified only as a 39-year-old office worker from Tokyo, who achieved a national record for rail ticket fraud.

For five years he travelled back and forth flashing an out-of-date rail pass, successfully trusting to the ticket collectors' inability to imagine that a worker warrior would ever do anything so uncharacteristically Japanese.

When one finally challenged him, however, he made a full confession and has agreed to make reparation to Japan Railways as well as paying a fine. In all, it is costing him about £30,000.

Thinking chaps

■ Britain's think-tank industry, like the rest of the country, has not escaped the recession. Money has been tight. Big ideas have been in short supply and existing output has been hit by theoretical disputes. Hence, this week's launch of Demos, the first new think-tank of 1993, is a welcome event.

At first sight it might look like a *Marxism Today* conspiracy. After all Demos' chairman is Martin Jacques, 47, a former editor of the magazine and once described as the most prominent British communist of his generation.

Director Geoff Mulgan, 30, is an old buddy of Jacques' and there are plenty of old *Marxism Today* buffs on the advisory council.

However, the presence of successful business folk like Courtaulds Textiles' Martin Taylor,

Northern Foods' Chris Haskins, and Dennis Stevenson, who is chairman of the Tate Gallery and a member of the City Takeover Panel, suggests that it is not going to be dominated by the loony left or the nutty right. Its membership comes from a surprisingly broad church.

That said, its list of aims is a bit long-winded. Any think tank which cannot sum up its purpose in one sentence is going to find it hard to get its message across.

Fishy method

■ Hearing the dreadful stories of how interfering French fishermen are reverting with British fish exports, Observer wonders whether exporters can beat the French at their own game by using poison distribution to calculate the exact probability of further interruptions.

If the average destruction rate is 10 crates of cod per hour, applying the poisson gives an 11 per cent probability of 8 crates being destroyed in any one hour and a 7.5 per cent chance of a 15 to 30 minute delay between onslaughts.

Superfluous

■ Who said that business is not picking up? Among the contracts put out to tender in the latest supplement to the Official Journal of the European Communities is one from the City of Newcastle seeking a delivery of coal....

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INSIDE

Fila sidesteps home market listing

Fila, the Italian sportswear group, is shun the domestic stock market and float its shares directly in New York. The decision to bypass Milan and list in New York reflects Fila's growth in the US market, where sales of its sports shoes have risen sharply to put it in third place behind Nike and Reebok. Page 14

Warning to investors

Investment in the US stock market over the next 10 years will not be as lucrative as in the previous decade, according to Mr Warren Buffett (left), the celebrated investment guru. He also cautions the avoidance of new share issues, arguing that "an intelligent investor will do better in the secondary market". Page 14

Barclays reviews lending

Barclays, the UK's biggest bank, is making senior executives personally responsible for their mistakes when making big corporate loans, following the £240m (\$357m) losses which it made on £422m of loans to Imry, the troubled property group. Page 14

Billionaire in thankless task

A billionaire businessman has taken up a thankless job with one of the shortest life expectancies in the world. Rafik Al-Hariri, the prime minister of Lebanon, has set himself the task of rebuilding his war-ravaged country as the financial and trading capital of the Middle East. Back Page

Tobacco and the great outdoors

Austria's Tabakwerke, the state-owned tobacco monopoly, is understood to have agreed in principle to buy the Head sports equipment group for about £200m. Annual sales of Head's skis, ski boots and bindings, tennis rackets and shoes and diving equipment are about \$400m. Tabakwerke, like other tobacco companies, has been seeking to diversify away from tobacco. Page 14

Blueprint for US futures

A proposed change in US regulations could put the US futures market on a more even footing with the over-the-counter swaps market, at a time when competition between the two markets is intensifying. Page 15

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Pirelli close to truce with Continental

By Robert Peston in London and
Hag Simonian in Milan

PIRELLI, the Italian tyre company, is close to ceasing hostilities against Continental, after a two and a half year campaign to gain control of its German rival. The Italian company last week agreed in principle to sell its 5 per cent stake in Continental and also to cancel arrangements with corporate allies who control a further 25 per cent.

Pirelli and Continental, attempts are being made to place this combined holding of 30 per cent in Continental with institutional investors. However, the executive stressed that the share sale was not certain, because Pirelli has insisted that the disposal must be made at a premium of around 10 per cent to the market price.

Under the terms of the share sale agreement, if buyers cannot be found for the entire 30 per cent, none of the shares will be sold. Continental's share price was DM208.5 last week, valuing the company at DM1.83bn (£1.12bn).

Continental is being advised by Deutsche Bank, Germany's biggest bank, and Morgan Grenfell, Deutsche's UK merchant banking subsidiary. Morgan and Deutsche's securities arm are leading the process of finding buyers for the shares.

Pirelli has in the past claimed to control more than 40 per cent of Continental shares. It has options giving it the right to buy 30 per cent from allies. In addition, Pirelli also believed that two other holders of Continental shares, controlling 10 per cent, were supporters.

Telegraph directors to decide on Southam stake

By Roland Rudd

MR CONRAD Black, chairman of Hollinger Group and The Telegraph, yesterday said he was confident that independent directors of the UK newspaper group would not change their recommendation to buy a stake in Canada's Southam newspaper group.

The Telegraph's board will meet on Thursday following news that Power Corporation, the Canadian newspaper group, is buying shares in Southam more cheaply than the UK newspaper group.

Some of the Telegraph's independent directors are concerned that Mr Black agreed to Southam's offer of 13m shares to Power at a price of C\$14 each, days after they recommended that the Telegraph should pay C\$18.10 a share for half of Hollinger's 22.5 per cent stake.

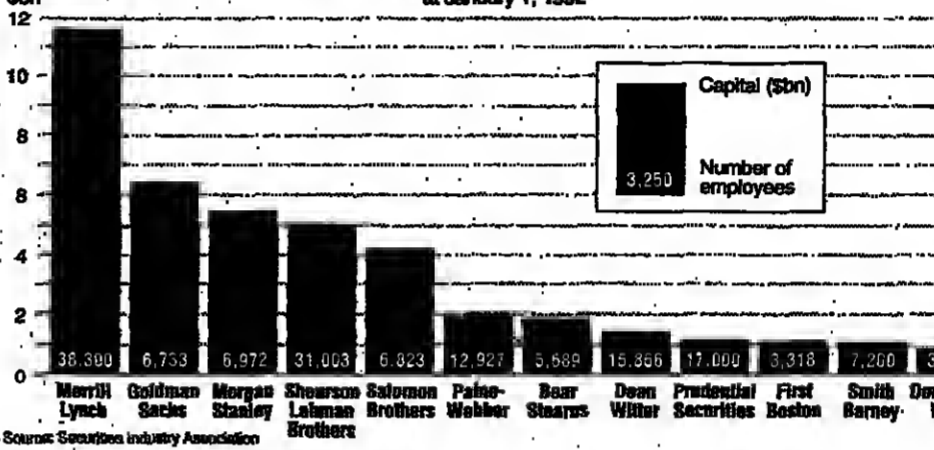
Mr Black said he understood the "sensitivity" surrounding the sale. However, he said that without Power's involvement he could not have "emasculated the so-called poison pill" which effectively prevented Hollinger from increasing its stake above 23.5 per cent in Southam without making a full bid.

Patrick Harverson reports on the process that created Smith Barney Shearson

Brokers on Wall Street bow to a trend

The merger between Smith Barney, the brokerage subsidiary of financial services group Primerica, and the former Shearson brokerage operations of American Express, has created a formidable new force in the US retail brokerage industry.

How the big brokers shape up



When the securities business went sour in 1988-1990, they tried to get rid of them but could not find buyers. When the industry returned to profitability in 1991, buyers began to emerge. Two parent groups, Sears and American Express, have taken the opportunity to sell part or all their securities units.

Interested in building an integrated securities house. Instead, the new firm will concentrate on what Smith Barney and Shearson did best when they were independent - selling stocks to the investing public.

In terms of size, Smith Barney Shearson is not far behind Merrill Lynch. The new company will have 11,000 brokers, 495 branches, and mutual fund assets under management of \$62bn.

Most of the jobs cuts, however, will come from the back office operations. But merging the two companies' broking forces will pose human problems. Smith Barney's strength as a broker was in the top end of the market, catering to richer individual investors.

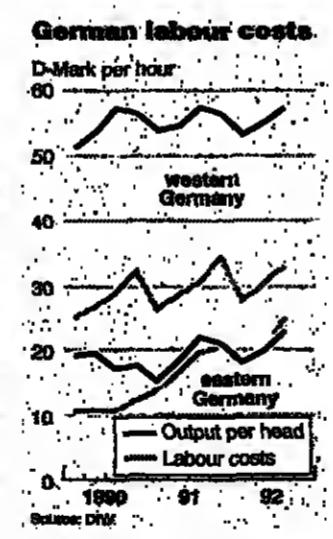
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A high price to pay for high wages in the east

A week ago, German politicians were jubilant about agreeing on a solidarity pact aimed at financing the economic reconstruction of eastern Germany. But a depressing wage dispute in eastern Germany is dampening the euphoria.

IG Metall, Germany's giant engineering trade union, is threatening a strike if its members in the five eastern German states do not receive a 26 per cent pay increase beginning on April 1.

This pay increase stems from a March 1991 contract designed to bring eastern German wages up to the level of their western counterparts by April 1994, but which the employers are now trying to revoke.



The contract was made between the former communist managers of east German industry, Gesamtmetall, the west German employers association, and IG Metall. For political reasons, the managers wanted high wages for its employees, regardless of the cost.

The west German employers saw high wages as a way of preventing eastern Germany from posing any serious competition for western German companies.

But the agreement failed to take into account the very different levels of productivity in the two economies. Today, eastern German wages are about 70 per cent of western German levels, but productivity in the steel, engineering, and electrical sectors is 70 per cent below western German levels.

The result is that unit labour costs in the east are already 30 per cent above western German levels. Economic forecasts for 1993 show that eastern Ger-

many's gross domestic product will total DM201bn (£123bn), while the wage bill will exceed DM248bn. In western Germany, GDP for this year is estimated to be DM2,255bn, and wages around DM1,553bn.

Gesamtmetall has realised its error and is now trying to pull out of the contract, invoking a revision clause giving it the right to do so in view of the deteriorating economic conditions in eastern Germany. It is prepared to offer a 9 per cent increase.

IG Metall is now threatening to call an all-out strike on April 1 and has already staged a series of warning strikes throughout the region.

Mr Reiner Flassebeck, a

senior economist at DIW, the German Institute for Economic Research in Berlin, says that the chance of the emergence of a strong, and vibrant middle-class, and small and medium-sized companies which formed the backbone of the western German economy, is unlikely to prosper if unit labour costs continue to rise.

A report published by the DIW shows that in a survey of 3,200 privatised eastern German enterprises, 60 per cent have serious competitive problems.

These enterprises face external and internal pressures," says Mr Flassebeck. "The external pressure is from the Bundesbank. Interest rates are still too high. Banks will not lend to these enterprises because they are strapped for cashflow. The internal pressure is from IG Metall. Wages are too high," he added.

Kuwait may cut back independence of KIO

By Peter Bruce in Madrid

THE Kuwaiti government met yesterday to discuss proposals to merge the London-based Kuwait Investment Office (KIO) with its parent institution in Kuwait, the Kuwait Investment Authority (KIA).

Mr Abdullah al-Rhodan, the finance minister, has nominated the KIO president, Mr Ali Rashid al-Badr, to become chief of both organisations and centralise decision-making in Kuwait.

The proposal, if successful, could reduce the independence of the KIO and undermine the positions of many of its non-Kuwaiti investment staff. The KIO is already considering making redundancies at its London headquarters.

The KIO's \$60bn investment portfolio was cut to less than \$20bn by the costs of the Gulf War.

Analysts believe the efforts to merge the KIO into the KIA is a direct attack on the power of the Kuwaiti prime minister and Crown Prince, Sa'ad al-Sabah.

A public campaign run by the new management of the KIO has convinced Kuwaitis that former KIO managers lost or mismanaged up to \$5bn in Spain.

Although the scandal has strengthened critics of the Crown Prince, it is not clear how quickly Mr al-Rhodan could push through his proposals.

Mr Abdullah al-Gabandi, managing director of the KIA and protégé of the Crown Prince, is understood to have still two years of his term to run.

Economics Notebook

By Judy Dempsey in Berlin

into the employers and accepts a 9 per cent rise, the employers will have won the first round in their attempts to undermine Germany's collective wage bargaining system.

It also argues that it wants a 26 per cent increase for its members because eastern Germans have to pay western German prices for most items.

The chemical and energy and utilities sectors in eastern Germany, however, have settled for 9 per cent.

IG Metall also knows that if its members are afterwards made redundant they will obtain more unemployment benefit because benefits are linked to wage levels.

Yet the 1.2m already unemployed in eastern Germany will not benefit in any way from a

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March 1993

COMPANIES AND FINANCE

Barclays new loan procedures

By Robert Peston and Vanessa Houlders

BARCLAYS, the UK's biggest bank, is making senior executives personally responsible for their mistakes when making big corporate loans, following the £240m losses which it made on £422m of loans to Imry, the troubled property group.

The change in lending procedures emerged as Chester Holdings, Imry's parent company, disclosed that it had a deficit on shareholders' funds of £357.6m on March 31 1992.

These losses were in part absorbed by holders of Chester's subordinated loan stock totalling £181m. However, Barclays was forced to write off £197m from its loans to the group and has made additional provisions to cover possible

further losses.

Accounts filed at companies house also show that Chester made a pre-tax loss of £106m last year and an after-tax loss of £158m.

Barclays exposure to Imry stems from its 1988 loan of £214m to Markatchief, a financial vehicle which acquired Imry in a leveraged buy-out.

That loan was intended as a bridging facility. However, Markatchief was unable to pay it off as quickly as hoped, so in the middle of 1991 Barclays decided to put in place a longer term facility.

A banker said yesterday that the security given on the original loan was inadequate. Barclays wanted to secure an improved charge over Imry's assets when making the new longer term loan, but was pre-

vented by the terms of a £175m "club" loan from a group of banks to a separate Imry arm, called Imry Merchant Developers.

Barclays decided it was vital to take an improved charge over the assets, so it took the unusual step of lending a further £199m to pay off the £175m club loan. The club was led by Bank of Scotland, Barclays, Hill Samuel, National Westminster, Bankers Trust, Citibank and Midland, each of which provided £18.5m.

A club member yesterday described Barclays actions as providing "manna from heaven". The club, whose agent was Citicorp, was in a powerful position when negotiating with Barclays because a condition of the club loan was that it became immediately repayable if there was a

change of control of Imry - and the financial reconstruction of Markatchief amounted to a change of control.

A banker said that Barclays has subsequently punished executives involved in the original Markatchief loan. However, he added that assigning responsibility for the Imry mistakes was difficult, because at least ten executives had been involved in the lending decision, including three directors whose rank was just below that of the main board.

So Barclays has now instituted a new system for approving its corporate loans. No matter how many Barclays employees are involved in the process of making a loan, there will always be one senior executive who takes personal responsibility for the loan.

Bitter meeting for Clark on bids

By Peggy Hollinger

THE BOARD OF C&J Clark the family held shoe manufacturer, faces a potentially acrimonious meeting today as it attempts to decide which of three bids for the company it will recommend.

Berisford, the commodity and property group, tabled its formal offer on Friday, thought to value Clark's at about £160m. It is believed to be an all-share offer, underwritten for cash.

The bid is conditional on approval from a majority of the nine-strong board and the grant of exclusive one-off rights to Berisford.

Fil is believed to be offering a similar deal, which values Clark's at about £140m. Finally, an investment consortium comprising existing institutional shareholders and backed by Electra Investment Trust, is thought to have offered about £22 a share, or £154m.

A member of the Clark family, which owns or controls 80 per cent of the company, said he was opposed to the planned sale. It is believed that a group of family members is seeking to co-ordinate opposition to the sale at the AGM later this month.

"My concern is that it (a sale) is being presented as something which has been agreed by the company - which it has not," he said.

The extraordinary general meeting in October had agreed only to determine the best price for Clark's, following a bid approach backed by Electra. The board had also promised to investigate options for shareholders who wanted to sell their shares.

The dissident shareholder said that an outright sale of Clark's had "very little to do with the interests of the company."

"Furthermore, he added, 'the current prices being talked about are terribly low.' Even if the family wanted to dispose of the company, he said 'it seems a crazy time to sell'."

At least 40 per cent of the family shareholders are thought to oppose the sale of Clark's. Four members of the nine-strong board who are also of the Clark family and sought to unseat the chairman and a director last year - are likely to object to the sale. At least two of the bidders have indicated that some or all of the management at Clark's would remain.

Irish Govt may come to the aid of GPA

By Tim Cooney in Dublin

The Irish government is considering helping GPA, the financially-troubled aircraft leasing group, by taking a stake in the company worth around £120m-£150m.

GPA has to find buyers for a £200m convertible share issue by this time next month to ensure its continued survival.

According to reliable business and government sources in Dublin, talks are underway between GPA and the Shannon Development Authority, a regional development agency in the west of Ireland, where the GPA headquarters is based, to buy an equity stake in the company.

It is thought that the development agency is considering buying up to 10 per cent of the new share issue. A spokesman for GPA said yesterday "There are a lot of negotiations going on with existing shareholders and potential new investors."

GPA has some \$5.5bn in debts and has been in difficulties since its aborted flotation last June.

Austria Tabak poised to buy Head sports group

By Ian Rodger in Zurich

AUSTRIA Tabakwerke, the state-owned tobacco monopoly, is understood to have agreed in principle to buy the Head sports equipment group for about \$200m.

The monopoly, like other tobacco companies, has been seeking to diversify away from its dependence on tobacco, partly because of health concerns.

Tabakwerke will also have to give up its monopoly position as a result of Austria joining the European Economic Area (EEA), the enlarged free-trade area being created this year by the countries of the European

Community and most of those in the European Free Trade Association.

Head is a leading international sports equipment group that specialises in making skis, ski boots and bindings, tennis rackets and shoes and diving equipment. Annual sales are about \$400m.

The group was the subject of a leveraged buyout in early 1989, which was arranged by the Los Angeles merchant banking group Freeman Spogli and financed largely by Sumitomo Bank of Japan and Creditanstalt of Austria.

The shareholder group was led by Lowe Finance of Geneva.

The terms of that deal provided for roughly \$265m of debt to be supported by only \$50m in equity.

It is understood that while Head has performed well, the leverage in the capital structure has proven too great.

The desire of Sumitomo Bank to reduce its international lending exposure also contributed to the decision by the shareholders to sell.

Austria Tabakwerke said it could not confirm that it was purchasing Head.

"We are in the midst of discussions with various parties and nothing has been settled yet," a spokesman said.

Fila plans flotation on NYSE

By Haig Simonian in Milan

FILA, the Italian sportswear group indirectly controlled by Fiat, is set to become the second Italian company to shun the domestic stock market and float shares directly in New York.

The company is negotiating with US regulators and bankers for a flotation on the New York Stock Exchange, following a path beaten in 1990 by Luxottica, the spectacle frames group.

The decision to by-pass Milan and list in New York reflects Fila's growing penetration of the US market, where sales of its sports shoes have risen sharply to put it in third

place behind Nike and Reebok, and ahead of Adidas.

The company, which was in poor financial health as recently as the mid-1980s, has made a remarkable recovery. Operating profits rose by 134 per cent to L75m (\$47.5m) last year, while sales reached L600.2m, up from L371m in 1991. Turnover of the group, based in Biella in northern Italy, is forecast to grow to over L680m this year.

Fila was controlled by Fiat's Sna-BPD textiles and chemicals subsidiary until 1988, when Sna-BPD sold for L62m its 80 per cent stake to Gemina, in which Fiat is the major shareholder. The remaining shares were acquired from pri-

vate shareholders. Gemina is an investment and financial services group controlled by leading north Italian business families and dominated by Fiat.

Much of Fila's recent growth has stemmed from its expansion into sports shoes, which last year accounted for more than 60 per cent of sales. In Europe, the company is still better known for its up-market sports and ski apparel.

The Fila flotation may be swiftly followed by that of Natuzzi, a south Italian furniture maker, in which Gemina has a 20 per cent stake. The company is Italy's highest maker of high-quality leather furnishings.

Buffett predicts lower returns from US stock market over next decade

By Martin Dickson in New York

INVESTMENT in the US stock market over the next 10 years will not be so lucrative as in the previous decade, according to Mr Warren Buffett, one of the nation's most celebrated investment gurus.

Mr Buffett, chairman of the Omaha-based investment group Berkshire Hathaway, says in his annual letter to shareholders: "The return over the next decade from an investment in the Standard & Poor's index will be far less than that of the last decade."

He says the reason is that increases in stock prices have for a long time been ahead of growth in corporate earnings.

"It is clear that stocks cannot forever out-perform their underlying businesses, as they have so dramatically for some time, and that fact makes us quite confident of our forecast that the rewards from investing over the next decade will be significantly smaller than they were in the last."

Mr Buffett's folksy letter repeats some of his investing precepts, including sticking to businesses "we believe we understand. That means they must be relatively simple and stable in character. If a business is complex or subject to



Warren Buffett: says investors should avoid new share issues

constant change, we're not smart enough to predict future cash-flows."

He also advises avoiding new share issues, arguing that "an intelligent investor will do better in the secondary market."

The new-issue market, according to Mr Buffett, "is ruled by controlling stockholders and corporations, who can usually select the timing of the offerings, or, if the market looks unfavourable, can avoid an offering altogether."

"Understandably, these sellers are not going to offer any bargains."

Italian telecoms group profits steady at L133bn

By Haig Simonian

ITALTEL, the Italian state-controlled telecommunications equipment group, reported virtually unchanged net profits of L133.2bn (88.4m) against L132.5bn the previous year.

Earnings would have been higher but for a substantial increase in tax to L128.5bn from L101.3bn in 1991 and a sharp rise in one-off payments for early retirement, which reached L61.5bn against L37.8bn in 1991. Sales rose 7.7 per cent to L2,978.4bn, undiminished by a 6.4 per cent fall in

average prices as part of cuts in the cost of Italian telecommunications equipment.

Considerable uncertainty still surrounds the future industrial strategy of Italtel, which is controlled by the State telecommunications holding company.

Although AT&T, the big US telecoms group, retains a 20 per cent stake, Stet is known to be in talks with several multinational telecoms groups over the possibility of buying shares in Italtel, in an attempt to achieve economies of scale and widen access to technology.

Codan in talks with Baltica

By Hilary Barnes in Copenhagen

CODAN, the Danish insurer controlled by Sun Alliance of the UK, is understood to be in discussion with Baltica, the country's biggest insurer, for the acquisition of all or part of Baltica's insurance operations.

Shares in Baltica Holding and Baltica Insurance were suspended on Friday, when the board said that new negotiations for a long-term solution to the group's financial situation were taking place.

It is understood that the acquisition by Codan is one of the options under consideration. Analysts estimate the price for Baltica's insurance operations at between DKr60m and DKr100m (\$1.6bn).

Baltica acquired a DKr3.5bn tax-loss deduction when it bought the former state-controlled life assurance and pension group Statsanstalten (subsequently renamed Danica) from the government three years ago. Large losses, however, have prevented Baltica from making use of the tax-loss deduction, which could be of interest to Codan, the most profitable of the larger Danish insurers.

The major shareholders in Baltica Holding are France's Suez group, the Danish ATP national pension fund, the mutual fire insurer Kobstades Almendelig Brandforsikring, and Baltica's domestic rival, which suspended payments last August.

Celsius posts 7% rise to Skr545m

CELSIUS, the Swedish state-owned defence group now being privatised, increased 1992 profits by 7 per cent to Skr545m (\$71m) from Skr507m, writes Christopher Brown-Humes in Stockholm. The group said its order book at year-end totalled Skr19.5bn, Skr1bn more than at the end of 1991. Its recent purchase of Nobel Industries' defence electronics activities has increased this total to Skr26bn.

Spring Ram chairman under pressure

By Roland Rudd

MR BILL ROONEY, chairman and chief executive of Spring Ram, the kitchens and bathrooms company, is under pressure to relinquish one of his two posts.

Some institutional shareholders believe Mr Rooney must take some of the blame for the recent surprise profits warning.

A financier close to the group said: "There is a question mark over Mr Rooney's role."

"I think it will be very difficult for him to stay as chairman and chief executive."

The company's directors, and advisers NM Rothschild and Pannure Gordon, have made it clear that they will be listening to what shareholders have to say at today's presentation of its results.

Last week the company said the 1992 pre-tax figure would be not less than £26m, down from a restated £36.2m in 1991. Analysts had predicted £37m to £40m.

The directors will decide shortly after today's meeting whether to seek a replacement for Mr Stuart Greenword, finance director, and the company's auditors, Arthur Andersen.

A number of big shareholders have already told the company that Mr Greenword's position has become untenable.

One said: "It is not just that pre-tax profits will be far less than we thought. We are talking about a serious breakdown in communications

between the company and its shareholders, which has happened once too often."

Spring Ram's profit warning followed haggling with its auditors over the implementation of more conservative accounting principles.

Some Spring Ram directors feel its auditors were too conservative in its accounting methods in order to counteract the damage of last year's revelation of false accounting at its Batterley Bathrooms subsidiary.

Stagecoach tag could exceed £120m

By James Buxton, Scottish Correspondent

STAGECOACH, the Perth-based company which operates bus services all over the UK and in Kenya, Malawi and New Zealand, is planning to raise £200m through a Stock Exchange flotation next month which could value the company at more than £120m.

The company, which has expanded rapidly through the acquisition of privatised bus companies in the UK and abroad, is forecasting pre-tax profits of £12.8m for the year to April 30 1993, up from £8.24m on continuing operations in 1992. Turnover was £104.3m for the 36 weeks to January 9 1993, compared with full year turnover of £131.4m in 1992.

The pathfinder prospectus for the flotation is issued today. The sponsor is Nottie Grossart, Edinburgh merchant bank, and stockbroker UBS Phillips & Drew.

Analysts believe the shares could command a price earnings ratio of between 13.5 and 14.5. They believe the company would be valued at over £120m.



Brian Souter: other acquisitions identified

After flotation, which will lead to borrowings of about £200m being replaced by equity, Stagecoach will save about £2m in interest charges, which will raise the forecast earnings per share from the 7.5p stated to about 8.3p. After flotation Stagecoach will have net assets of £40m.

The company says it has identified possible acquisitions among the 32 remaining municipal bus operators and the 10 operating companies in London Buses which the government plans to privatise.

Mr Brian Souter, 38, the chairman, and his sister Ann Glog, 50, managing director, who founded Stagecoach in 1980, are expected to sell shares worth about £13m but will still end up owning more than 50 per cent of the company.

Eight Scottish institutions which own convertible preference shares would end up owning 13 per cent of the equity if they convert all their shares but are also expected to make some realisations.

Some 18 per cent of Stagecoach's 11,000 staff own shares, which if held will lead to them owning about five per cent of the company.

The price should be announced on April 6. The offer will close on April 16 with dealings beginning on April 20. Prospects can be obtained by dialling 0645 100640.

Channel Hlds expands its security side

By Joan Marshall

Channel Holdings, the former investment company known as Channel Tunnel Investments, is taking a further step in transforming itself into an industrial group with the acquisition of CQR, a security alarm maker, from Expatnet International, for £1.72m in cash.

Because of the size of the transaction CH requested a halt to dealings in the company's shares on Friday. They stood at 25p.

Under the deal Channel has also agreed to procure that CQR repays £2.08m inter-company debt to Expatnet. Also, on completion, CQR will repay a £647,000 loan to Expatnet from its own resources.

To finance the acquisition Channel proposes to raise about £4.1m by way of a placing of 8.74m new ordinary shares and a rights issue of 9.09m new ordinary, both at 23p per share. The rights will be on the basis of 3-for-5 ordinary and 3-for-1 preference shares.

This acquisition follows the purchase of Carflow Products last August.

Fenchurch Group seeks listing

By Christopher Price

A GROWING market share and optimism over prospects for the London insurance market were among the reasons given yesterday by Fenchurch Group for its plans to seek a stock market listing, probably early next year.

Insurance analysts estimate it could be worth up to £80m.

Fenchurch, which specialises in insurance broking and as Lloyd's agent, was bought by management in 1989 from GPG for £36m.

Its former chairman, Mr Geoffrey Knight, who led the MBO team, retired last week to be succeeded by Mr Rupert Hambro.

Profits fell last year from £7.2m to £5.45m, but Mr Roger Earl, the group's managing director, said these reflected the start-up costs of the group's expanding activities.

"We have laid the foundations in the past year for revenue earners which should come through to the balance sheet in the next 12 months. The signs are very encouraging," he said.

Last month, Fenchurch won the contract to insure the former Soviet Union's trading fleet.

The contract for the 117-strong Sovcomflot, one of the biggest commercial fleets in the world, was worth a "high six-figure number".

according to Mr Earl, and complemented similar business deals struck in Cuba and North Korea.

Fenchurch has also opened offices in the past year in Germany, Switzerland and a management consultancy in Texas, as well as additions to the group's core operations in London.

All businesses were now operating in the black, said Mr Earl.

He added that the group's debt of £21m would be reduced significantly with the proceeds from the flotation.

It would also give Fenchurch the chance to pay its first dividend to the 250 shareholders among its 550 staff.

£32m buy-out at Lombard Continental

By Christopher Price

LOMBARD Continental Insurance, the provincial insurance arm of US group Continental Insurance Company, is to be bought by its management for £32m.

The new company will begin trading in June and includes all the incumbent senior man-

agement currently responsible for the provincial business.

In 1992, Lombard Continental had gross premium income of £70m - 65 per cent of which came from personal insurance.

Mr Andrew Laing, the new managing director, said: "Our business will continue to focus on the provincial insurance market. The current hardening of rates in the insurance market and our selective underwriting policy provide us with

every opportunity to develop our business successfully."

Mr Laing added that an independent chairman was presently being sought. Two non-executive directors are also to be appointed, one of which is to be a nominee for Electra Kingsway, the lead investor in the venture.

Other institutional investors include Phoenix Development Capital Fund, Bank of Boston and Brown Shipley Venture Managers.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
The Telegraph (UK)	Southam (Canada)	Newspapers	£72.3	Recommending stake purchase
Amersham International (UK)	United States Biochemical (US)	Biotechnology	£48m	Strategic purchase
Pentland Group (UK)	Woods Wire (US)	Cables	£28m	Cash + debt deal
Inchcape (UK)	Reverber (Switzerland)	Vehicle distribution	£19.2	Continuing buys in sector
Energy Development Corp (US)	Brabant Resources (UK)	Oil & gas	£3.8m	White knight emerges
Scape Group (UK)	SABA (France)	Adhesives	£5m	Cash buy from Canning
Sandoz Chemicals (US)	Unit of Cookson Group (UK)	Colour concentrates	n/a	Non-core disposal
Credit Lyonnais (France)	Banco de Lima (Peru)	Banking	n/a	Control regained
Avon Rubber/UK/Investor Group (Saudi Arabia)	Joint venture	Tyres	£100m	Manufacturing venture
Heaco (Hong Kong)/CXIC (China)	Tamco (JV)	Aircraft maintenance	£45m	German-based venture

SWISS BANK CORPORATION 121st Annual General Meeting

Notice is hereby given that the 121st Annual General Meeting of Swiss Bank Corporation will be held in the Festival Hall of the Swiss Industries Fair (entrance "Messeplatz") in Basel, Switzerland on Wednesday, April 14, 1993 at 3 pm.

The Annual Report will be mailed to shareholders on request.

Basel, March 10, 1993
For the Board of Directors
Dr. Franz Galliker - Chairman

KOREA EXCHANGE BANK

Korea Exchange Bank
USD 100,000,000
Floating Rate Notes
Due 1997
Interest Rate: 3.775%
Interest Period: From 22nd March, 1993 to 22nd September, 1993
Interest Payable per USD 250,000 Note: USD 4,823.61
USD 500,000 Note: USD 9,647.22
By Fuji Bank (Luxembourg) S.A.
Agent Bank

BANQUE NATIONALE DE PARIS

USD 300,000,000
Floating Rate Notes 1995/2005
The amount of interest for the interest period beginning on 17.03.93 and ending on 21.04.93 as fixed by the reference agent will be USD 510.42 per USD 100,000.00 notes being a rate about 5.25 per cent.

INTERNATIONAL BONDS

Eurosterling issues on course for a bumper year

EXPECTATIONS of a flood of Eurosterling issues in the international bond market have been fulfilled during the last few weeks, and the rush does not appear to be over yet.

According to the new international bond issues tables published daily by the Financial Times, volume of new Eurosterling issues so far this year has reached \$3.1bn, compared with just under \$3bn at the same stage last year, when UK bond yields were significantly higher.

In view of the prolific start to the year, last year's total of \$13.7bn of new Eurosterling issues looks an easy target to beat. Syndicate managers believe that a total of between \$16bn and \$20bn could be raised in the international bond market by the end of 1993.

The overriding reason for the high new-issue activity in this sector is clearly the fall in UK interest rates to their lowest level since the 1970s.

This has prompted an increasing number of foreign and domestic issuers to take out Eurosterling borrowings at what they regard as attractive, absolute levels. The Eurosterling sector has also offered attractive interest-rate swap opportunities to borrowers, especially at the shorter end of the yield curve.

At the same time, there has been a marked increase in demand from domestic investors for fixed-income instruments that offer higher yields than short-term cash deposits.

In addition, an improving outlook for the UK economy, together with sterling's recent recovery on the foreign exchanges, has whetted the appetite of international investors for sterling-denominated paper.

"The time is right for borrower and for investors," said one syndicate manager.

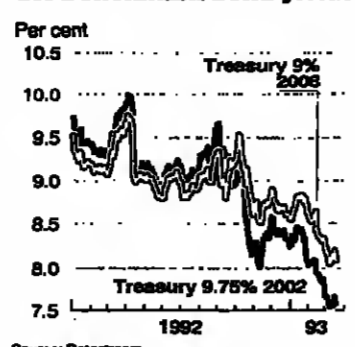
Several of the sterling-denominated deals announced in the market have surfaced. British Gas tapped the market for £400m, followed by Abbey National, which raised \$950m of 10-year Eurosterling bonds - a record for a single Eurosterling transaction.

Last week, the Republic of Finland launched its \$500m, 10-year Euro bond issue.

However, syndicate managers expect more non-sovereign borrowers to tap the market before the Easter break, encouraged by the strength of the UK government bond market in the wake of the UK budget and the latest reduction in German interest rates.

A significant portion of the sterling-denominated paper issued so far this year has been raised by financial institutions looking to bolster their capital base.

UK Benchmark bond yields



Source: Datastream

This trend continued last week, as HSBC Holdings and Lloyds Bank both launched long-dated subordinated Eurobond issues, of £250m and £200m respectively. Both deals were well-received by the market, resulting in a tightening in the yield spreads over comparable gilts on these issues.

Continued demand from investors for high-yielding, long-dated paper has fuelled speculation that the other two UK clearing banks, Barclays and National Westminster, will launch similar deals in the near future.

Corporate issuers are also said to be closely studying the Eurosterling

market, especially now that the 1992 corporate reporting season is almost at a close.

Mr Frank Kennedy, sterling bond analyst at S.G. Warburg Securities, notes that investor demand for non-gilt sterling paper has contributed to the sharp drop in the yield spread that corporate borrowers have to pay over gilts.

According to S.G. Warburg Securities' corporate unsecured index, the spread over gilts for maturities of 10 years or more has fallen from 153 basis points at the end of 1992 to 130 basis points at the end of last week.

"The performance from non-gilt sterling paper has been very strong, but investors still find the spread attractive," says Mr Kennedy.

He warns that the level of corporate borrowing this year may fall short of the market's expectations, in spite of hopes for an economic upturn. Furthermore, some corporate treasurers may hold out a little longer, especially if they believe that interest rates have further to fall.

Nevertheless, there is general agreement among syndicate managers that the sterling sector will be much more active and profitable in 1993 than it was last year.

It is too early to say which house will get the biggest slice of the

action, and the volume figures so far this year are to a certain extent distorted by the large transactions mentioned earlier. But those volume figures still make interesting reading.

At the end of last week, S.G. Warburg Securities was in the lead, with £1.4bn, or around 17 per cent of the volume, followed by CSFB with around 14 per cent and Samuel Montagu with 13 per cent.

But the real surprise is Goldman Sachs, which has appeared from virtually nowhere (it arranged a modest £350m of sterling Eurobond issues last year) to fourth place in the sterling league table, with £330m, or 11.5 per cent of volume so far in 1993.

Goldman Sachs is the only US house with a significant presence to date in the sterling primary market. It has also raised its profile by jointly arranging the deals for British Gas, Abbey National and Lloyds Bank.

Mr Michael Sherwood, head of syndicate at Goldman Sachs, attributes this achievement to the house's strategy of developing its secondary market trading before going into the primary market. "We now feel very comfortable in the primary market," he says.

Antonia Sharpe

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Toyota Engineering Corp. (J)	200	Mar. 1997	4	1.875	100	Yamachi Int'l (Europe)	-
Procter & Gamble (J)	100	Mar. 1998	5	2.75	100	Nomura International	-
Province of Quebec (J)	100	Apr. 2003	10	(4)	100	Deutsche Bk. London	-
EDF (J)	100	Apr. 2000	7	(6)	99.875	Merill Lynch Int'l	-
Nippon Yusen KK (J)	100	Apr. 1997	4	(8)	100	USAB Europe	-
African Development Bank	500	Apr. 2003	30	7.375	98.56	G. Sachs/Lahman Bros.	7.497
BAT Capital Corporation	400	Apr. 1998	5	(5)	101.095	CSFB	5.742
Kellogg Electric Railway (J)	200	Apr. 1997	4	1.625	100	Nomura International	-
AGN Arco Bank (J)	100	Apr. 2005	12	(10)	99.825	Lahman Brothers Int'l	-
UB Schwenk Holding, Lux.	250	Apr. 1998	3	4.625	101.123	Deutsche Bank	4.216
Nat'l Health Investors (J)	87.2	Apr. 1998	5.02	7.375	100	Nat'l West Securities	-
WestLB Fin. Curacao (J)	150	Mar. 2003	10	(4)	100	Merill Lynch Int'l	-
Bankers Trust NY Corp. (J)	100	Apr. 2005	12	(4)	100	Kidder Peabody Int'l	-
YEN							
Fuji Bank Int'l Finance (J)	350n	(4)	(4)	(4)	100	Fuji Int'l Finance	-
Fuji Bank Int'l Finance (J)	150n	(4)	(4)	(4)	100	Yamachi Int'l (Europe)	-
D-MARKS							
KW Int'l Finance USA	1.5bn	Apr. 2003	10	6.625	101.475	Dresdner Bank	6.421
Kingdom of Denmark	700	Apr. 1998	5	6.125	101.375	WestLB	5.900
Deutsche Bank (J)	400	Apr. 2003	10	(4)	100	Thirion & Burkhardt	-
Halina Luxembourg	100	Apr. 1998	5	(6)	99.8	Deutsche Bank	8.048
Deutsche Fin. (J)	100	Apr. 2003	10	(4)	100.05	Deutsche Bank	-
UB Schwenk Holding, Lux.	50	Mar. 2003	10	(4)	101.195	Morgan Stanley	-
FRENCH FRANCS							
CCF (J)	500	Apr. 1998	5	(4)	101.525	CCF	-
Crédit Local de France (J)	750	Apr. 2000	7	(4)	100	CCF	-
STERLING							
Euro Coal & Steel Comm. (J)	20	May 2017	24.15	9.875	108.484	BZW	8.802
HSBC Holdings (J)	200	Apr. 2018	25	9.875	98.862	Samuel Montagu	10.029
Republic of Finland	500	Apr. 2003	10	(8)	98.125	CSFB/SG Warburg	8.131
HSBC Holdings (J)	50	Apr. 2018	25	9.875	99.022	Samuel Montagu	9.990

ADVERTISEMENT

LAC MINERALS LTD.



Michael B. Richings

Lac Minerals is pleased to announce the appointment of Michael B. Richings as Senior Vice President. Mr. Richings will be responsible for the feasibility evaluation and development of major new projects derived from exploration, acquisitions and joint ventures for the Company worldwide. A mine engineer with 20 years experience in hard rock, precious and base metal mining, he has been involved in a number of projects internationally, most recently in the United States.

A graduate of the Camborne School of Mines in the United Kingdom, Mr. Richings also holds a M.Sc., Mine Engineering from Queen's University in Kingston, Lac Minerals Ltd. mines gold, copper, zinc, silver and aggregates in North and South America.

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY.

The announcement is issued by Greystone International Limited and is directed at informing potential investors of a kind specified in paragraph (1) of Article 2 of The Financial Services Act 1986 (Investment Advisers) (Exemptions) (No. 2) Order 1992. No enquiries in response to this announcement will be entertained from any other person.

The shares of the following funds have been admitted to the Official List of The Irish Stock Exchange with effect from 18 March 1993.

The Campbell Dynamic Fund Ltd.
The Chang Crowell Fund Ltd.
The PRAGMA Gamma Fund Ltd.
The SJO International Fund Ltd.
The Gandon Fund Ltd.

The Manager of all the funds is Greystone Partners, an international fund management group.

The listing of the first four funds is sponsored by NCB Stockbrokers Limited, a member of The Securities and Futures Authority. The listing of The Gandon Fund Ltd. is sponsored by J & E Davy, also a member of The Securities and Futures Authority.

¥50,000,000,000

Province de Québec

Floating Rate Notes Due 1999

Notice is hereby given that for the interest period from March 22, 1993 to June 22, 1993 the Notes will carry an interest rate of 6.125%.

The interest payable on the relevant interest payment date, June 22, 1993 will be \$4,488,164 per \$50,000,000 nominal amount.

By: The Chase Manhattan Bank, N.A.

London, Agent Bank

March 22, 1993

CHASE

Midland Bank plc

US\$500,000,000 Undated Floating Rate Primary Capital Notes

The Rate of Interest has been fixed at 5% p.a. on interest payable on the relevant interest payment date, September 22, 1993 against coupon No. 16 in respect of US\$10,000 nominal of the Notes will be US\$255.56

Citibank N.A. (Issuer Services), Agent Bank

March 22, 1993

CITIBANK

CIVAS INTERNATIONAL LIMITED

SERIES CIVAS 17

US\$500,000,000

Secured Floating Rate Notes due 1993

Interest Rate 2.000% p.a. Interest Period March 22, 1993 to September 22, 1993

Interest Payable per US\$100,000 Note US\$1,000.00

By: Citibank N.A. (Issuer Services), Agent Bank

March 22, 1993

CITIBANK

Union Bank of Switzerland

London Branch Agent Bank

17th March, 1993

UBS

RIGGS NATIONAL CORPORATION

US \$60,000,000

FLOATING RATE SUBORDINATED NOTES DUE 1996

In accordance with the provisions of the Notes, notice is hereby given that for the period 22 March 1993 to 22 June 1993 the Notes will carry a rate of interest of 5 1/8% per annum with a coupon amount of US\$ 134.17

By: Chemical Bank (Guernsey) Limited

London, Agent Bank

March 22, 1993

CHEMICAL BANK

RIGGS NATIONAL CORPORATION

US \$100,000,000

FLOATING RATE SUBORDINATED NOTES DUE 1996

In accordance with the provisions of the Notes, notice is hereby given that for the period 22 March 1993 to 22 June 1993 the Notes will carry a rate of interest of 5 1/8% per annum with a coupon amount of US\$ 134.17

By: Chemical Bank (Guernsey) Limited

London, Agent Bank

March 22, 1993

CHEMICAL BANK

CURRENCY MANAGEMENT CORPORATION PLC

WINCHESTER HOUSE, 77 LONDON WALL, LONDON EC2A 4SD

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NBD BANCORP, INC.

US\$100,000,000

Floating rate subordinated notes due 2005

Notice is hereby given that for the interest period commencing on 22nd March 1993, the Notes will bear interest at the rate of 5 1/8% per annum.

The interest payable on 22 June 1993 will be fixed at 5.25% interest payable on US\$134.17 per US\$100,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

JP Morgan

ROYAL BANK OF CANADA

EUROPE LIMITED

To the Holders of CONVERTIBLE BONDS and/or WARRANTS of

Casio Computer Co., Ltd.

U.S.\$100,000,000 3 per cent.

Convertible Bonds due 2000

(the "Convertible Bonds") and

U.S.\$250,000,000 3 5/8 per cent. Bonds (the "Bonds")

due 1995 with Warrants (the "Warrants")

NOTICE OF ADJUSTMENT OF CONVERSION PRICE AND SUBSCRIPTION PRICE

Notice is hereby given that, as a result of the issue by Casio Computer Co., Ltd. (the "Company") on 18th March, 1993 of U.S.\$350,000,000 2 per cent. Bonds due 1997 with Warrants to subscribe for shares of common stock of the Company (the "Shares") at an initial subscription price of \$31 Yen per share:

With effect from 19th March, 1993.

(1) The Conversion Price at which Shares are issuable upon exercise of Conversion rights regarding the Convertible Bonds has been adjusted from ¥1,508.20 per share to ¥1,488.90 per share of the Company's common stock, and

(2) The Subscription Price at which Shares are issuable upon exercise of the Warrants issued in conjunction with the Bonds has been adjusted from ¥1,364 per share to ¥1,348 per share of the Company's common stock.

The Sakura Bank, Limited on behalf of:

CASIO COMPUTER CO., LTD

Dated: 22nd March, 1993

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(Public Power Corporation)

EDU Denominated Floating Rate Notes due 1997

NOTICE IS HEREBY GIVEN that for the interest period commencing on 22nd March 1993, the Notes will bear interest at the rate of 5 1/8% per annum.

The interest payable on 22 June 1993 will be fixed at 5.25% interest payable on US\$134.17 per US\$100,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

ROYAL BANK OF CANADA

EUROPE LIMITED

MFC Finance No.1 PLC

NOTICE OF REDEMPTION

Series 'A' to 'F' Mortgage Backed Floating Rate Notes Due October 2023

Notice is hereby given, that in accordance with Conditions 5(c) of the Prospectus dated 13th October 1988, the Issuer intends to redeem £3,000,000 in aggregate value of the Notes on the respective April 1993 interest payment dates.

By: Citibank N.A. (Issuer Services)

March 22, 1993

CITIBANK

RISK AND REWARD

Regulators offer blueprint for US futures industry



A PROPOSED

change in US regulations could put the US futures market on a more even footing with the over-the-counter swaps market, at a time when competition between the two markets is intensifying. US futures exchanges also hope that a more liberal environment will help stem their loss of market share to European exchanges.

Last week, Mr William Albrecht, acting chairman of the Commodity Futures Trading Commission (CFTC), which regulates futures trading, put forward ambitious proposals for the liberalisation of rules governing US futures exchanges.

Speaking at the annual Futures Industry Association conference in Boca Raton, Florida, Mr Albrecht said he had asked the CFTC's staff to draft a proposed rule that exchange products traded on electronic systems and used by institutional investors should be exempt from most CFTC regulations.

This would mean that, apart from rules governing manipulation and fraud, exchanges meeting these requirements would not have to seek CFTC approval for new contracts, rule changes, and so on.

In practice, it would allow exchanges to enter part of the territory currently controlled by the OTC market. In particular, it would make it easier for them to break into the \$4,000bn swaps market.

US exchange officials tend to have a rather ambivalent attitude to the swaps market. On the one hand, they realise that banks and securities houses in the swaps market are also active users of futures markets, to lay off risks. On the other hand, they are also aware that the growth of the OTC market has been generated by that market's ability to tailor OTC products to specific client needs.

Last year, it was confirmed that swaps were exempt from CFTC futures regulations. Consequently, the swaps market is not directly regulated, but most of the players are (either by the Securities and Exchange Commission in the case of securities houses, or by the Federal Reserve in the case of banks).

Tracy Corrigan

Mezzanine Capital Corporation Limited

Notice to the holders of the fully paid Bearer Depositary Receipts ("BDRs") evidencing Participating Redeemable Preference Shares of US 1 cent each ("Shares") of Mezzanine Capital Corporation Limited (the "Company")

Notice of Dividend and Capital Repayment

NOTICE IS HEREBY GIVEN to the holders of the BDRs that the Company has declared an interim dividend for the financial year ending 31st May, 1993 of US\$0.3565 per Share. The BDRs are denominated in multiples of units ("Units"). Each Unit currently comprises 13 Shares. The dividend is, therefore, equivalent to US\$4.6358 per Unit.

The Company has also given notice that it intends to redeem an aggregate of 396,000 Shares at a price of US\$18.89 per Share. This will involve the redemption of four Shares in respect of each Unit.

In accordance with Condition 6(b) of the conditions annexed to the BDRs the number of Shares comprising a Unit will, following the redemption, be adjusted from 13 to 9. The number of Units evidenced by each BDR will remain unchanged.

Payment of this dividend and of the capital repayment will be made, subject to receipt thereof by Chemical Bank (Guernsey) Limited ("the Depositary"), against surrender of Income Coupon No. 18 (INC No. 18) and Redemption Coupon No. 18 (RED No. 18) respectively at the specified office of the Depositary or of any of the Paying Agents (set out on the reverse of the BDRs and at the foot of this Notice), at any time on or after 23rd March, 1993.

Payment will, in each case, be made, subject to any laws and/or regulations applicable thereto, by dollar cheque drawn upon, or at the option of the holder of the relevant Coupon, by transfer to a dollar account maintained by the payee with a Bank in New York City.

Copies of the Company's Interim Report may be obtained from the Depositary and Paying Agents.

BDR holders are advised that as a result of the capital repayment of US\$75.58 per Unit, the net asset value per Unit of the Company will be reduced from US\$245.55 to US\$189.99. B

187

42	211	55	65	A/B in Areas Holding	103	132	50	Investor A	129
43	614.00	100	100	Area 100	94.40	132	50	Investor B	129
44	100	100	100	Area 100	94.40	132	50	Investor C	129
45	151.50	100	100	Area 100	94.40	132	50	Investor D	129
46	100	100	100	Area 100	94.40	132	50	Investor E	129
47	100	100	100	Area 100	94.40	132	50	Investor F	129
48	100	100	100	Area 100	94.40	132	50	Investor G	129
49	100	100	100	Area 100	94.40	132	50	Investor H	129
50	100	100	100	Area 100	94.40	132	50	Investor I	129
51	100	100	100	Area 100	94.40	132	50	Investor J	129
52	100	100	100	Area 100	94.40	132	50	Investor K	129
53	100	100	100	Area 100	94.40	132	50	Investor L	129
54	100	100	100	Area 100	94.40	132	50	Investor M	129
55	100	100	100	Area 100	94.40	132	50	Investor N	129
56	100	100	100	Area 100	94.40	132	50	Investor O	129
57	100	100	100	Area 100	94.40	132	50	Investor P	129
58	100	100	100	Area 100	94.40	132	50	Investor Q	129
59	100	100	100	Area 100	94.40	132	50	Investor R	129
60	100	100	100	Area 100	94.40	132	50	Investor S	129
61	100	100	100	Area 100	94.40	132	50	Investor T	129
62	100	100	100	Area 100	94.40	132	50	Investor U	129
63	100	100	100	Area 100	94.40	132	50	Investor V	129
64	100	100	100	Area 100	94.40	132	50	Investor W	129
65	100	100	100	Area 100	94.40	132	50	Investor X	129
66	100	100	100	Area 100	94.40	132	50	Investor Y	129
67	100	100	100	Area 100	94.40	132	50	Investor Z	129
68	100	100	100	Area 100	94.40	132	50	Investor AA	129
69	100	100	100	Area 100	94.40	132	50	Investor AB	129
70	100	100	100	Area 100	94.40	132	50	Investor AC	129
71	100	100	100	Area 100	94.40	132	50	Investor AD	129
72	100	100	100	Area 100	94.40	132	50	Investor AE	129
73	100	100	100	Area 100	94.40	132	50	Investor AF	129
74	100	100	100	Area 100	94.40	132	50	Investor AG	129
75	100	100	100	Area 100	94.40	132	50	Investor AH	129
76	100	100	100	Area 100	94.40	132	50	Investor AI	129
77	100	100	100	Area 100	94.40	132	50	Investor AJ	129
78	100	100	100	Area 100	94.40	132	50	Investor AK	129
79	100	100	100	Area 100	94.40	132	50	Investor AL	129
80	100	100	100	Area 100	94.40	132	50	Investor AM	129
81	100	100	100	Area 100	94.40	132	50	Investor AN	129
82	100	100	100	Area 100	94.40	132	50	Investor AO	129
83	100	100	100	Area 100	94.40	132	50	Investor AP	129
84	100	100	100	Area 100	94.40	132	50	Investor AQ	129
85	100	100	100	Area 100	94.40	132	50	Investor AR	129
86	100	100	100	Area 100	94.40	132	50	Investor AS	129
87	100	100	100	Area 100	94.40	132	50	Investor AT	129
88	100	100	100	Area 100	94.40	132	50	Investor AU	129
89	100	100	100	Area 100	94.40	132	50	Investor AV	129
90	100	100	100	Area 100	94.40	132	50	Investor AW	129
91	100	100	100	Area 100	94.40	132	50	Investor AX	129
92	100	100	100	Area 100	94.40	132	50	Investor AY	129
93	100	100	100	Area 100	94.40	132	50	Investor AZ	129
94	100	100	100	Area 100	94.40	132	50	Investor BA	129
95	100	100	100	Area 100	94.40	132	50	Investor BB	129
96	100	100	100	Area 100	94.40	132	50	Investor BC	129
97	100	100	100	Area 100	94.40	132	50	Investor BD	129
98	100	100	100	Area 100	94.40	132	50	Investor BE	129
99	100	100	100	Area 100	94.40	132	50	Investor BF	129
100	100	100	100	Area 100	94.40	132	50	Investor BG	129
101	100	100	100	Area 100	94.40	132	50	Investor BH	129
102	100	100	100	Area 100	94.40	132	50	Investor BI	129
103	100	100	100	Area 100	94.40	132	50	Investor BJ	129
104	100	100	100	Area 100	94.40	132	50	Investor BK	129
105	100	100	100	Area 100	94.40	132	50	Investor BL	129
106	100	100	100	Area 100	94.40	132	50	Investor BM	129
107	100	100	100	Area 100	94.40	132	50	Investor BN	129
108	100	100	100	Area 100	94.40	132	50	Investor BO	129
109	100	100	100	Area 100	94.40	132	50	Investor BP	129
110	100	100	100	Area 100	94.40	132	50	Investor BQ	129
111	100	100	100	Area 100	94.40	132	50	Investor BR	129
112	100	100	100	Area 100	94.40	132	50	Investor BS	129
113	100	100	100	Area 100	94.40	132	50	Investor BT	129
114	100	100	100	Area 100	94.40	132	50	Investor BU	129
115	100	100	100	Area 100	94.40	132	50	Investor BV	129
116	100	100	100	Area 100	94.40	132	50	Investor BW	129
117	100	100	100	Area 100	94.40	132	50	Investor BX	129
118	100	100	100	Area 100	94.40	132	50	Investor BY	129
119	100	100	100	Area 100	94.40	132	50	Investor BZ	129
120	100	100	100	Area 100	94.40	132	50	Investor CA	129
121	100	100	100	Area 100	94.40	132	50	Investor CB	129
122	100	100	100	Area 100	94.40	132	50	Investor CC	129
123	100	100	100	Area 100	94.40	132	50	Investor CD	129
124	100	100	100	Area 100	94.40	132	50	Investor CE	129
125	100	100	100	Area 100	94.40	132	50	Investor CF	129
126	100	100	100	Area 100	94.40	132	50	Investor CG	129
127	100	100	100	Area 100	94.40	132	50	Investor CH	129
128	100	100	100	Area 100	94.40	132	50	Investor CI	129
129	100	100	100	Area 100	94.40	132	50	Investor CJ	129
130	100	100	100	Area 100	94.40	132	50	Investor CK	129
131	100	100	100	Area 100	94.40	132	50	Investor CL	129
132	100	100	100	Area 100	94.40	132	50	Investor CM	129
133	100	100	100	Area 100	94.40	132	50	Investor CN	129
134	100	100	100	Area 100	94.40	132	50	Investor CO	129
135	100	100	100	Area 100	94.40	132	50	Investor CP	129
136	100	100	100	Area 100	94.40	132	50	Investor CQ	129
137	100	100	100	Area 100	94.40	132	50	Investor CR	129
138	100	100	100	Area 100	94.40	132	50	Investor CS	129
139	100	100	100	Area 100	94.40	132	50	Investor CT	129
140	100	100	100	Area 100	94.40	132	50	Investor CU	129
141	100	100	100	Area 100	94.40	132	50	Investor CV	129
142	100	100	100	Area 100	94.40	132	50	Investor CW	129
143	100	100	100	Area 100	94.40	132	50	Investor CX	129
144	100	100	100	Area 100	94.40	132	50	Investor CY	129
145	100	100	100	Area 100	94.40	132	50	Investor CZ	129
146	100	100	100	Area 100	94.40	132	50	Investor DA	129
147	100	100	100	Area 100	94.40	132	50	Investor DB	129
148	100	100	100	Area 100	94.40	132	50	Investor DC	129
149	100	100	100	Area 100	94.40	132	50	Investor DD	129
150	100	100	100	Area 100	94.40	132	50	Investor DE	129
151	100	100	100	Area 100	94.40	132	50	Investor DF	129
152	100	100	100	Area 100	94.40	132	50	Investor DG	129
153	100	100	100	Area 100	94.40	132	50	Investor DH	129
154	100	100	100	Area 100	94.40	132	50	Investor DI	129
155	100	100	100	Area 100	94.40	132	50	Investor DJ	129
156	100	100	100	Area 100	94.40	132	50	Investor DK	129
157	100	100	100	Area 100	94.40	132	50	Investor DL	129
158	100	100	100	Area 100	94.40	132	50	Investor DM	129
159	100	100	100	Area 100	94.40	132	50	Investor DN	129
160	100	100	100	Area 100	94.40	132	50	Investor DO	129
161	100	100	100	Area 100	94.40	132	50	Investor DP	129
162	100	100	100	Area 100	94.40	132	50	Investor DQ	129
163	100	100	100	Area 100	94.40	132	50	Investor DR	129
164	100	100	100	Area 100	94.40	132	50	Investor DS	129
165	100	100	100	Area 100	94.40	132	50	Investor DT	129
166	100	100	100	Area 100	94.40	132	50	Investor DU	129
167	100	100	100	Area 100	94.40	132	50	Investor DV	129
168	100	100	100	Area 100	94.40	132	50	Investor DW	129
169	100	100	100	Area 100	94.40	132	50	Investor DX	129
170	100	100	100	Area 100	94.40	132	50	Investor DY	129
171	100	100	100	Area 100	94.40	132	50	Investor DZ	129
172	100	100	100	Area 100	94.40	132	50	Investor EA	129
173	100	100	100	Area 100	94.40	132	50	Investor EB	129
174	100	100	100	Area 100	94.40	132	50	Investor EC	129
175	100	100	100	Area 100	94.40	132	50	Investor ED	129
176	100	100	100	Area 100	94.40	132	50	Investor EE	129
177	100	100	100	Area 100	94.40	132	50	Investor EF	129
178	100	100	100	Area 100	94.40	132	50	Investor EG	129
179	100	100	100	Area 100	94.40	132	50	Investor EH	129
180	100	100	100	Area 100	94.40	132	50	Investor EI	129
181	100	100	100	Area 100	94.40	132	50	Investor EJ	129
182	100	100	100	Area 100	94.40	132	50	Investor EK	129
183	100	100	100	Area 100	94.40	132	50	Investor EL	129
184	100	100	100	Area 100	94.40	132	50	Investor EM	1

1000 (Wg) — 3,250
 1000 (Br) — 2,950
 1000 (Pkg) — 1,720

[illegible]

AUSTRALIA (continued)			
	Price	Price	Price
	1992-93	1992-93	1992-93
	Low	High	Low
19	1,000	1,000	1,000
20	1,000	1,000	1,000
21	1,000	1,000	1,000
22	1,000	1,000	1,000
23	1,000	1,000	1,000
24	1,000	1,000	1,000
25	1,000	1,000	1,000
26	1,000	1,000	1,000
27	1,000	1,000	1,000
28	1,000	1,000	1,000
29	1,000	1,000	1,000
30	1,000	1,000	1,000
31	1,000	1,000	1,000
32	1,000	1,000	1,000
33	1,000	1,000	1,000
34	1,000	1,000	1,000
35	1,000	1,000	1,000
36	1,000	1,000	1,000
37	1,000	1,000	1,000
38	1,000	1,000	1,000
39	1,000	1,000	1,000
40	1,000	1,000	1,000
41	1,000	1,000	1,000
42	1,000	1,000	1,000
43	1,000	1,000	1,000
44	1,000	1,000	1,000
45	1,000	1,000	1,000
46	1,000	1,000	1,000
47	1,000	1,000	1,000
48	1,000	1,000	1,000
49	1,000	1,000	1,000
50	1,000	1,000	1,000
51	1,000	1,000	1,000
52	1,000	1,000	1,000
53	1,000	1,000	1,000
54	1,000	1,000	1,000
55	1,000	1,000	1,000
56	1,000	1,000	1,000
57	1,000	1,000	1,000
58	1,000	1,000	1,000
59	1,000	1,000	1,000
60	1,000	1,000	1,000
61	1,000	1,000	1,000
62	1,000	1,000	1,000
63	1,000	1,000	1,000
64	1,000	1,000	1,000
65	1,000	1,000	1,000
66	1,000	1,000	1,000
67	1,000	1,000	1,000
68	1,000	1,000	1,000
69	1,000	1,000	1,000
70	1,000	1,000	1,000
71	1,000	1,000	1,000
72	1,000	1,000	1,000
73	1,000	1,000	1,000
74	1,000	1,000	1,000
75	1,000	1,000	1,000
76	1,000	1,000	1,000
77	1,000	1,000	1,000
78	1,000	1,000	1,000
79	1,000	1,000	1,000
80	1,000	1,000	1,000
81	1,000	1,000	1,000
82	1,000	1,000	1,000
83	1,000	1,000	1,000
84	1,000	1,000	1,000
85	1,000	1,000	1,000
86	1,000	1,000	1,000
87	1,000	1,000	1,000
88	1,000	1,000	1,000
89	1,000	1,000	1,000
90	1,000	1,000	1,000
91	1,000	1,000	1,000
92	1,000	1,000	1,000
93	1,000	1,000	1,000
94	1,000	1,000	1,000
95	1,000	1,000	1,000
96	1,000	1,000	1,000
97	1,000	1,000	1,000
98	1,000	1,000	1,000
99	1,000	1,000	1,000
100	1,000	1,000	1,000

	Price HK\$
1000	7.00

[illegible]

436	1,690	720	Yamaha Corp.	1,230	20.60	13.20	Huyndai Heavy	4.38
437	982	598	Yamaha Motor	800	15.76	8.06	Huyndai Ind.	13.60
438	1,000	598	Yazaki Electric	1,000	6.80	4.40	Huyndai Ind.	13.60
439	2,220	2,220	Yazaki Securities	1,670	6.86	36.50	Jardine Str. Mgr.	7.50
440	1,670	760	Yazaki Heavy Ind.	1,670	28.28	14.40	Jardine Securities	20.00
441	1,270	1,270	Yazaki Kogyo	1,250	28.28	14.40	Kiwoon Motor	9.95
442	1,270	1,270	Yazaki Kogyo	1,250	6.40	8.00	Kiwoon Motor	9.95
443	1,270	1,270	Yazaki Kogyo	1,250	23.20	10.90	New World Den.	16.80
444	1,270	1,270	Yazaki Kogyo	1,250	21.45	12.20	Really Den. Co.	18.10
445	1,270	1,270	Yazaki Kogyo	1,250	21.45	12.20	Really Den. Co.	18.10
446	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
447	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
448	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
449	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
450	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
451	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
452	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
453	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
454	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
455	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
456	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
457	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
458	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
459	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
460	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
461	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
462	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
463	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
464	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
465	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
466	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
467	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
468	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
469	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
470	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
471	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
472	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
473	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
474	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
475	1,270	1,270	Yazaki Kogyo	1,250	8.00	3.75	Shin Shou	7.55
476	1,270	1,270	Yazaki Kogyo	1,2				

[illegible]

Chen	1,000	14.50	10.10	BHP	14.78
	782	3.10	2.21	BTR Nydex	3.10
		3.00	2.25		

1,110	0.85	0.28	Boughtville Copper	0.48
548	15.40	14.50	Brumley Inds	16.30
470	0.52	0.50	Brumley Inds	

[illegible]

... 850	2.78	1.06	(80) Australia	2.80
... 1,040	1.75	1.30	Goodman Fielder	1.69
... 865	2.88	2.20	Merida 20	2.20

● Unit Trust prices are available from FT Cityline, call 0891 43 + the five-digit code listed after the unit trusts. Calls charged at 36p/minute cheap rate and 48p/minute at all other times.

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● Unit Trust prices are available from FT Cityline, call 0891 43 + the five-digit code listed after the unit trusts. Calls charged at 36p/minute cheap rate and 48p/minute at all other times

TEST FOR F

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGE AND MONEY MARKETS

Test for franc

THE FOCUS in foreign exchange markets this week will be on the French franc, and whether it moves nearer to its floor against the D-Mark in the exchange rate mechanism, writes James Blair.

Last week's decision by the Bundesbank's policy-making council to reduce its discount rate by 50 basis points triggered this latest bout of weakness for the French currency.

UK clearing bank has leading rate 6 per cent from January 26, 1993

The results of yesterday's first round in the French parliamentary election could also have a significant impact on the franc in the next few days.

According to Mr Paul Chertkow, global currency strategist at UBS Phillips and Drew in London, the market was disappointed that the effective ceiling for German rates was not reduced by the Bundesbank on Thursday. However, he believes that

foreign exchange dealers had not appreciated that a cut in the Lombard rate would have been technically difficult because of the high level of call money, which, on Friday, was at 8.58 per cent. The recent changes in minimum reserve requirements have temporarily kept the cost of call money high.

Mr Chertkow believes that the pressure on the franc will be alleviated if the Bundesbank cuts the rate at which it offers funds to commercial banks by 25 basis points to 8.00 per cent tomorrow.

"If they cut rates now, we will clearly have seen in the course of this year the establishment of an accommodative posture by the Bundesbank," he said.

Even if the Bundesbank does ease the repo rate again, there will still be concerns that a new right-wing French government might abandon the franc fort policy. The market may be anxious to see that an easing in German rates is followed by a fall in French ones.

2 IN NEW YORK

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

STERLING INDEX

Mar 19	Close	Previous
8.30	79.0	78.0
9.00	79.0	78.0
10.00	79.0	78.0
11.00	79.0	78.0
12.00	79.0	78.0

CURRENCY MOVEMENTS

Mar 19	Bank of England	Change
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

CHICAGO

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

U.S. TREASURY BILLS (91% OF 100%)

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

U.S. TREASURY BILLS (91% OF 100%)

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

U.S. TREASURY BILLS (91% OF 100%)

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

U.S. TREASURY BILLS (91% OF 100%)

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

U.S. TREASURY BILLS (91% OF 100%)

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

U.S. TREASURY BILLS (91% OF 100%)

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

U.S. TREASURY BILLS (91% OF 100%)

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

U.S. TREASURY BILLS (91% OF 100%)

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

U.S. TREASURY BILLS (91% OF 100%)

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

U.S. TREASURY BILLS (91% OF 100%)

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

POUND SPOT - FORWARD AGAINST THE POUND

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

EXCHANGE CROSS RATES

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

EURO-CURRENCY INTEREST RATES

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

FT LONDON INTERBANK FIXING

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

MONEY MARKETS

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

LONDON MONEY RATES

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

FT-ACTUARIES WORLD INDICES

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

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NATIONAL AND REGIONAL MARKETS

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

LONDON RECENT ISSUES

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

FIXED INTEREST STOCKS

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

RIGHTS OFFERS

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

BANK OF ENGLAND TREASURY BILL TENDER

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

WEEKLY CHANGE IN WORLD INTEREST RATES

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

BASE LENDING RATES

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

STOCK INDICES

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

LONDON SHARE SERVICE

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

OTHER FIXED INTEREST

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

MONEY MARKET FUNDS

Money Market Trust Funds

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

Money Market Bank Accounts

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

Money Market Bank Accounts

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
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Money Market Bank Accounts

Mar 19	Close	Previous
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1.495-1.495	1.495	1.495

Money Market Bank Accounts

Mar 19	Close	Previous
1.495-1.495	1.495	1.495
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Money Market Bank Accounts

Mar 19	Close	Previous
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Money Market Bank Accounts

Mar 19	Close	Previous
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Money Market Bank Accounts

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Money Market Bank Accounts

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Money Market Bank Accounts

Mar 19	Close	Previous
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Money Market Bank Accounts

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1.495-1.495	1.495	1.495

Money Market Bank Accounts

Mar 19	Close	Previous
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1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495
1.495-1.495	1.495	1.495

INVESTMENT TRUSTS - Cont

Model	Price	Wk. % chng	Div. not
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4 pm close March 19

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NYSE COMPOSITE PRICES

Table with multiple columns listing stock prices, including company names, stock symbols, and prices. Includes sub-sections like 'Continued from previous page' and 'Price data supplied by Reuters'.

NASDAQ NATIONAL MARKET

Table with multiple columns listing stock prices, including company names, stock symbols, and prices. Includes sub-sections like 'Continued from previous page' and 'Price data supplied by Reuters'.

AMEX COMPOSITE PRICES

Table with multiple columns listing stock prices, including company names, stock symbols, and prices.

Table with multiple columns listing stock prices, including company names, stock symbols, and prices.

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Continuation of financial data tables, including stock prices and market indices.

